

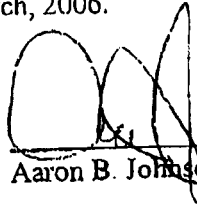
**ARTICLES OF ORGANIZATION
OF
NEBRASKA RESOURCES COMPANY LLC**

The undersigned hereby forms a limited liability company (the "Company") under the Nebraska Limited Liability Company Act (the "Act"), and states as follows:

1. **Name.** The name of the Company shall be Nebraska Resources Company LLC.
2. **Duration.** The period of the duration of the Company shall be perpetual.
3. **Purposes.** The purposes for which the Company is organized are the transaction of any lawful business and the performance of any lawful activities which may be carried on by limited liability companies organized under the Act, as now in effect or hereafter amended.
4. **Principal Place of Business.** The address of the Company's principal place of business in Nebraska is 724 W. 4th Ave., Holdrege, Nebraska 68949.
5. **Initial Registered Office and Agent.** The address of the initial registered office of the Company in Nebraska is 1620 Dodge Street, Suite 2100, Omaha, Nebraska 68102, and the name of the initial registered agent of the Company at such address is BSMWL, Inc.
6. **Initial Capital Contributed.** The total amount of cash contributed to the Company as initial capital by the members of the Company is \$1,000.00. No property, other than cash, has been contributed to the Company as initial capital by the members of the Company. For purposes of the Act, the stated capital of the Company is \$1,000.00.
7. **Additional Contributions.** No additional contributions to the capital of the Company have been agreed to be made by the members of the Company.
8. **Additional Members.** Additional members of the Company may be admitted to the Company by the members of the Company at such times and upon such terms and conditions as are provided in the Operating Agreement of the Company.
9. **Interests of Members.** The interests of the members in the Company shall be set forth in or determined pursuant to the Operating Agreement of the Company.
10. **Transfer of Interests.** The interest of a member of the Company may be transferred or assigned only as provided in the Operating Agreement of the Company.
11. **Management.** The Company shall be managed by its member, Seminole Energy Services, L.L.C. ("Seminole"), who shall serve until its resignation or removal, subject to the terms of the Operating Agreement of the Company. The address of Seminole is 1323 E. 71st Street, Suite 300 Tulsa, Oklahoma 74136.
12. **Operating Agreement.** The administration and regulation of the affairs of the Company shall be governed by a written Operating Agreement not inconsistent with these Articles of Organization or the Act. The initial Operating Agreement of the Company shall be

made and entered into by the initial members of the Company and may be amended as provided therein.

IN WITNESS WHEREOF, the undersigned, being an authorized person, has signed these Articles of Organization this 21st day of March, 2006.

A handwritten signature in black ink, appearing to read 'Aaron B. Johnson', is written over a horizontal line.

Aaron B. Johnson, Authorized Person

OFFICE OF THE SECRETARY OF STATE



CERTIFICATE OF GOOD STANDING
DOMESTIC LIMITED LIABILITY COMPANY

I, THE UNDERSIGNED, Secretary of State of the State of Oklahoma, do hereby certify that I am, by the laws of said state, the custodian of the records of the state of Oklahoma relating to the right of certain business entities to transact business in this state and am the proper officer to execute this certificate.

I FURTHER CERTIFY that SEMINOLE ENERGY SERVICES, L.L.C. whose registered agent is THE CORPORATION COMPANY, with its registered office at 120 N ROBINSON STE 735 OKLAHOMA CITY 73102 USA Oklahoma is a Domestic Limited Liability Company duly organized and existing under and by virtue of the laws of the state of Oklahoma and is in good standing according to the records of this office. This certificate is not to be construed as an endorsement, recommendation or notice of approval of the entity's financial condition or business activities and practices. Such information is not available from this office.



IN TESTIMONY WHEREOF, I hereunto set my hand and affixed the Great Seal of the State of Oklahoma, done at the City of Oklahoma City, this 29th, day of July, 2006.

M. Susan Savage

Secretary Of State



Sharon Priest
SECRETARY OF STATE

State of Arkansas SECRETARY OF STATE

C E R T I F I C A T E

I, Sharon Priest Secretary of State of the State of Arkansas, and as such, keeper of the records of domestic and foreign organizations, do hereby certify that the records of this office show:

SEMINOLE ENERGY SERVICES, L.L.C.

filed in this office OCTOBER 28, 1998, a Certified copy of
a Certificate of REGISTRATION.



IN TESTIMONY WHEREOF, I have
hereunto set my hand and Official Seal on
this, the OCT. day of 28TH 19 98.

Sharon Priest

Sharon Priest
Secretary of State

By: _____
ANNA KAYE ROEHRENBECK



STATE OF KANSAS
THIS IS TO CERTIFY THAT



SEMINOLE ENERGY SERVICES, L.L.C.

#332473

has been registered in the office of the Department of
Human Resources as an employer, subject to the provisions
of the Kansas Employment Security Law.

Topeka, Kansas

Date JANUARY 31, 2001

By *Richard E. Beyer*
Secretary of Human Resources

K-CNS 024 (REV. 02-91)

Cut here and post one of the Certificates of Registration, as an employer, in a conspicuous place in each plant, branch, or establishment maintained by your firm in Kansas.



STATE OF KANSAS
THIS IS TO CERTIFY THAT



SEMINOLE ENERGY SERVICES, L.L.C.

#332473

has been registered in the office of the Department of
Human Resources as an employer, subject to the provisions
of the Kansas Employment Security Law.

Topeka, Kansas

Date JANUARY 31, 2001

By *Richard E. Beyer*
Secretary of Human Resources

K-CNS 024 (REV. 02-91)

IOWA

No. W00526859
Date: 05/08/2007

SECRETARY OF STATE

490FLC-000345551
SEMINOLE ENERGY SERVICES, LLC

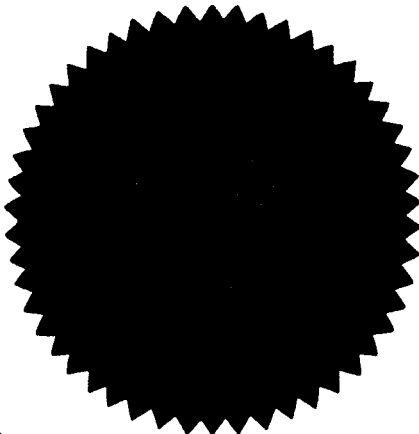
ACKNOWLEDGEMENT OF DOCUMENT FILED

The Secretary of State acknowledges receipt of the following document

Certificate of Authority

The document was filed on May 7, 2007, at 02:05 PM, to be effective as of May 7, 2007, at 02:05 PM.

The amount of \$100.00 was received in full payment of the filing fee



Michael A. Mauro

MICHAEL A. MAURO SECRETARY OF STATE



Printed on
Recycled Paper

STATE OF MISSOURI



Matt Blunt
Secretary of State
CERTIFICATE OF REGISTRATION
FOREIGN LIMITED LIABILITY COMPANY

WHEREAS,

Seminole Energy Services, L.L.C.
FL0582186


Using in Missouri the name

Seminole Energy Services, L.L.C.

and existing under the laws of the State of Oklahoma has filed with this state its Application for Registration and whereas this Application for Registration conforms to the Missouri Limited Company Act.

NOW, THEREFORE, I, MATT BLUNT, Secretary of State of the State of Missouri, by virtue of authority vested in me by law, do hereby certify and declare that on the 19th day of April, 2004, the above Foreign Limited Liability Company is duly authorized to transact business in the State of Missouri and is entitled to any rights granted Limited Liability Companies.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 19th day of April, 2004.


Secretary of State





PENNSYLVANIA
Department of State

Corporations

[Corporations](#) | [Forms](#) | [Contact Corporations](#) | [Business Services](#)

Search
By Business Name
By Business Entity ID
Verify
Verify Certification

Business Entity
Filing History
Date: 5/15/2007 (Select the link above to
view the Business Entity's
Filing History)

Business Name History

Name	Name Type
Seminole Energy Services, LLC	Current Name

Limited Liability Company - Foreign - Information

Entity Number:	3728019
Status:	Active
Entity Creation Date:	5/7/2007
State of Business.:	OK
Principal Office Address:	% Ct Corporation System PA
Mailing Address:	No Address

[Home](#) | [Site Map](#) | [Site Feedback](#) | [View as Text Only](#) | [Employment](#)



Copyright © 2002 Pennsylvania Department of State. All Rights Reserved.
Commonwealth of PA Privacy Statement

CERTIFICATE OF AUTHORITY UNDER SEC. 805 OF THE LIMITED LIABILITY COMPANY LAW

ENTITY NAME: SEMINOLE ENERGY SERVICES, L.L.C.

DOCUMENT TYPE: APPLICATION FOR AUTHORITY (FOR LLC)

COUNTY: NEWY

SERVICE COMPANY: ** NO SERVICE COMPANY **

SERVICE CODE: 00

FILED:07/29/2004 DURATION:***** CASH#:040729000547 FILM #:040729000535

ADDRESS FOR PROCESS

EXIST DATE

THE LLC
1323 E. 71ST ST. STE 300
TULSA, OK 74136

07/29/2004

REGISTERED AGENT



FILER	FEES	250.00	PAYMENTS	250.00
-----	----		-----	
SEMINOLE ENERGY SERVICES	FILING	250.00	CASH	0.00
1323 E 71ST STREET STE 300	TAX	0.00	CHECK	250.00
TULSA, OK 74136	CERT	0.00	CHARGE	0.00
	COPIES	0.00	DRAWDOWN	0.00
	HANDLING	0.00	BILLED	0.00
			REFUND	0.00



The State of Texas

Secretary of State

CERTIFICATE OF AUTHORITY

OF

SEMINOLE ENERGY SERVICES, L.L.C.
FILING NUMBER 07040809

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS,
HEREBY CERTIFIES THAT THE ATTACHED APPLICATION OF THE ABOVE ENTITY FOR
A CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS IN THIS STATE HAS BEEN
RECEIVED IN THIS OFFICE AND IS FOUND TO CONFORM TO LAW.

ACCORDINGLY, THE UNDERSIGNED, AS SUCH SECRETARY OF STATE, AND BY
VIRTUE OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES
THIS CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS IN THIS STATE FROM
AND AFTER THIS DATE FOR THOSE PURPOSES SET FORTH IN THE APPLICATION,
UNDER THE NAME OF

SEMINOLE ENERGY SERVICES, L.L.C.

DATED AUG. 17, 1998

EFFECTIVE AUG. 17, 1998



A handwritten signature in black ink, appearing to read "Alberto R. Gonzales".

Alberto R. Gonzales, Secretary of State

State of West Virginia



Certificate

*I, Betty Ireland, Secretary of State of the
State of West Virginia, hereby certify that*

SEMINOLE ENERGY SERVICES, L.L.C.

made application to the West Virginia Secretary of State's Office to be a registered limited liability company in the State of West Virginia on June 25, 2007. The application was received and found to conform to law.

The company is filed as an at-will company, for an indefinite period.

I further certify that the company's most recent annual report, as required by West Virginia Code §31B-2-211, has been filed with our office and that a Certificate of Termination has not been issued.

Accordingly, I hereby issue this

CERTIFICATE OF EXISTENCE



*Given under my hand and the
Great Seal of the State of
West Virginia on this day of
August 21, 2007*

Betty Ireland

Secretary of State

CONTROL #94777

08/21/2007 TUE 14:07 [TX/RX NO 7911]

EXHIBIT E

OTHER PENDING APPLICATIONS AND FILINGS

The following Table summarizes the state and federal permits, authorizations and clearances NRC must obtain prior to construction of the NRC Pipeline.

SUMMARY OF FEDERAL, STATE AND LOCAL PERMITS, AUTHORIZATIONS AND CONSULTATIONS	
JURISDICTION/AGENCY	PERMIT-AUTHORIZATION-CONSULTATION
Federal	
U.S. Corps of Engineers (COE), Nebraska Regulatory District	Jurisdictional Waters and Section 404 Permit
Fish & Wildlife Service (FWS), Mountain Prairie Region, Nebraska Field Office	Endangered Species Act Consultation
Environmental Protection Agency (EPA), Region 7, Kansas City	Consultation related to Hazardous Waste and Jurisdictional Waters
U.S. Department of Agriculture, Nebraska Natural Resource Conservation Service Nebraska	Farmland Protection Policy Act
Federal Highway Administration	Crossing Permit
U.S. Department of Interior, Bureau of Reclamation, Great Plains Region	Right-of-Way Grant and Temporary Use Permit
State	
Nebraska State Historical Preservation Office (SHPO)	Consultation under Section 106 of the NHPA
Nebraska Department of Roads (NDOR)	Encroachment/Road Crossing Permit
	State Highway Permits
	Interstate 80 Permit
Nebraska Department of Environmental Quality (NDEQ)	NPDES General Permit for storm water discharge associated with construction
	Section 401 Water Quality Certification
	Construction Air Permit
	Open Burning Permit
	Integrated Solid Waste Management Regulations
	Substitute Water Supply Plan (hydrostatic test water supply)
	Industrial Wastewater Discharge Permit (NPDES) for hydrostatic test water supply
Native American Consultation	American Indian Graves Act
Nebraska Department of Natural Resources	Nebraska Surface Water, Groundwater Law Compliance and Floodplain Construction Permit
Nebraska Game and Parks Commission	Nebraska Nongame and Endangered Species Conservation Act Natural Heritage Program Review
Nebraska State Fire Marshall	Construction Plans Approval
Local	
Clay County	County permit allowing construction across county road
	County floodplain construction permit
Hamilton County	County permit allowing construction across county road
	County floodplain construction permit
York County	County permit allowing construction across county road
	County floodplain construction permits
Polk County	County permit allowing construction across county road
	County floodplain construction permits

SUMMARY OF FEDERAL, STATE AND LOCAL PERMITS, AUTHORIZATIONS AND CONSULTATIONS	
JURISDICTION/AGENCY	PERMIT-AUTHORIZATION-CONSULTATION
Butler County	County permit allowing construction across county road
	County floodplain construction permits
Colfax County	County permit allowing construction across county road
	County floodplain construction permits
Aurora, NE	County permit allowing construction across county road
	County floodplain construction permits
David City, NE	Notification of pipeline crossing within the Wellhead Protection Area
	Notification of pipeline crossing within the Wellhead Protection Area
Gresham, NE	Notification of pipeline crossing within the Wellhead Protection Area
Rising City, NE	Notification of pipeline crossing within the Wellhead Protection Area
Schuyler, NE	Notification of pipeline crossing within the Wellhead Protection Area
Shelby, NE	Notification of pipeline crossing within the Wellhead Protection Area
York, NE	Notification of pipeline crossing within the Wellhead Protection Area

EXHIBIT F

DESCRIPTION OF NRC PIPELINE'S PROPOSED ROUTE AND MAPS

This Exhibit contains a detailed narrative description of the NRC Pipeline's proposed route for jurisdictional service.

Also included in this Exhibit are a series of large scale, oversize maps of the proposed NRC Pipeline route. Each map page covers approximately three miles of the proposed pipeline route. References in the detailed description below are keyed by Map Page ("MP") reference corresponding to the map page. Note that some of the map pages are not oriented in the traditional "North-Up" orientation but instead are rotated 90° clockwise or counterclockwise (as shown by the compass rose on each page) to align with the principal direction of the segment of the pipeline on that map page.

DESCRIPTION OF NRC PIPELINE'S PROPOSED ROUTE

MP 1-10. As currently proposed, the NRC Pipeline will originate at an interconnect (the "Primary Receipt Point") with the mainline facilities of Trailblazer Pipeline Company ("Trailblazer") in Clay County, Nebraska, in Sec. 3 of T-05-N, R-06-W. From that interconnect (MP 1), the NRC Pipeline will proceed in a northerly direction approximately thirty-one (31) miles (twelve and one-half (12.5) miles of 20" diameter pipe and eighteen and one-half (18.5) miles of 16" diameter pipe), paralleling Road 20 for approximately eleven (11) miles (MP 1-4) through agricultural land, then paralleling State Route 14 for approximately 20 miles (MP 5-10) through agricultural land, crossing beneath Interstate 80 in Sec. 22 of T-10-N, R-06-W (MP 10), to a point south of the town of Aurora, Nebraska, at the border between Sec. 15 and 22 of T-10-N, R-06-W (MP 10).

MP 10-12. From the point at the border between Sec. 15 and 22 of T-10-N, R-06-W (MP 10), an 8" diameter spur line will loop around the south and west sides of Aurora (MP 11-12) approximately five (5) miles through agricultural land, bored beneath the railroad in Sec. 8 of T-10-N, R-06-W (MP 12) and along the right-of-way for Road "O" to delivery points, including a TBS, on the western side of Aurora, Nebraska, in the N.W. quarter of Sec. 6, T-10-N, R-06-W (MP 12). This lateral is sometimes referred to as the "West Aurora Loop."

MP 12-16. This 10" diameter spur line will continue west from Sec. 6, T-10-N, R-06-W (MP 12) through agricultural land approximately twelve and one-half (12.5) miles (MP 12-16) toward Grand Island, Nebraska, to a second Receipt Point at an interconnect with the interstate pipeline facilities of Kinder Morgan Interstate Gas Transmission Co., LLC ("KMIGT") in Sec. 6, T-10-N, R-08-W (MP 16). The pipeline will be bored beneath two short environmentally sensitive segments in Sec. 4 and 5 of T-10-N, R-07-W (MP 14). This lateral is sometimes

referred to as the “KMIGT Lateral.”

MP 10, 17. From Sec. 15 of T-10-N, R-06-W (MP 10), the 16" diameter mainline continues north approximately one (1) mile along the right-of-way for Road “R” to point on the border between Sec. 10 and 11 T-10-N, R-06-W (MP 17) at which a 4" diameter spur, approximately one (1) mile in length proceeds west across agricultural land to a TBS serving Aurora, Nebraska in Sec. 10, T-10-N, R-06-W (MP 17).

MP 17-19. The 16" diameter mainline continues north beside rural Road “R” approximately one (1) mile (MP 17) to Sec. 2 of T-10-N, R-06-W, turning east before the railroad right-of-way, crossing agricultural land and paralleling rural roads approximately five (5) miles (MP 17-19) to the vicinity of State Highway 41D on the border between Sec. 3 and 4 of T-10-N, R-05-W (MP 19). At this point a short 4" diameter spur will parallel State Highway 41D north approximately three-quarters (0.75) of a mile to a TBS serving Hampton, Nebraska, on the border between in Sec. 33 and 34, T-11-N, R-05-W (MP 19).

MP 19-22. From the interconnect in the vicinity of State Highway 41D on the border between Sec. 3 and 4 of T-10-N, R-05-W (MP 19), the 16" diameter mainline will continue east approximately two (2) miles along property lines of agricultural land to the eastern edge of Sec. 2 of T-10-N, R-05-W (MP 20), where the pipeline will make a 90 degree turn north along a rural Road “Y” approximately two (2) miles to Sec. 25 of T-11-N, R-05-W (MP 20). At this point the mainline makes another 90 degree turn to the east, crossing agricultural land approximately four and one-half (4.5) miles to Sec. 27 of T-11-N, R-04-W (MP 22).

MP 22. At this point a 4" diameter spur line will proceed south across agricultural land for approximately three-quarters (0.75) of a mile to Sec. 34 of T-11-N, R-04-W (MP 22), then

east along a railroad right-of-way for approximately one-half (0.5) mile to a TBS in Sec. 35 of T-11-N, R-04-W serving Bradshaw, Nebraska (MP 22).

MP 22. From Sec. 27, T-11-N, R-04-W (MP 22), the 16" diameter mainline continues east across agricultural land approximately one-half (0.5) mile to Road "E," turning 90 degrees north at Road "E" (MP 22). At this 90 degree turn a 4" diameter spur continues east across agricultural land for approximately one-half (0.5) mile, then south across agricultural land approximately three-quarters (0.75) of a mile to a delivery point on the eastern side of Bradshaw, Nebraska, for a bio-fuel plant located in the N.E. quadrant of Sec. 35 of T-11-N, R-04-W (MP 22). This spur line will provide nonjurisdictional service to a high-volume ratepayer.

MP 22-25. From the 90-degree turn north at Road "E" (MP 22), the 16" diameter mainline continues north, parallel to Road "E," approximately one (1) mile, crossing Road 15, and turning 90 degrees east in Sec. 23 of T-11-N, R-04-W (MP 23). The mainline continues east from Sec. 23 of T-11-N, R-04-W, approximately seven (7) miles along property lines across agricultural land (MP 23-25) to the western edge of Sec. 24 of T-11-N, R-03-W (MP 25).

MP 25-26. From this point on the western edge of Sec. 24 of T-11-N, R-03-W (MP 25), a 4" diameter spur line with two branches proceeds south and east to two TBSs serving York, Nebraska. At the border between Sec. 24 and 25 of T-11-N, R-03-W (MP 25), approximately one-half (0.5) mile south of the mainline, the spur line branches. The 4" diameter north branch proceeds east along Road 15 (MP 25-26) approximately one (1) mile to a TBS immediately east of U.S. Highway 34 in the S.W. quadrant of Sec. 19 of T-11-N, R-02-W (MP 26). The 4" diameter south branch of this spur line follows the right-of-way of Road "L", U.S. Route 34 and 4th Street approximately three (3) miles to the South TBS for York, Nebraska, in Sec. 1, T-10-N, R-03-W (MP 26).

MP 25, 27-30. From interconnect with the spur serving York, Nebraska at the western edge of Sec. 24 of T-11-N, R-03-W (MP 25), the 16" diameter mainline continues east approximately one-half (0.5) mile, turning 90 degrees north in Sec. 24 of T-11-N, R-03-W, before the railroad right-of-way (MP 25). Shortly after completing the 90 degree turn north in Sec. 24 of T-11-N, T-03-W (MP 25), the pipeline will be bored beneath a small creek (MP 25). Following the creek crossing, the mainline continues north approximately one (1) mile before turning east at Road 17 on the northern edge of Sec. 13, T-11-N, R-03-W (MP 27). The pipeline then continues east generally along the right-of-way of Road 17 or through adjacent agricultural land a little more than two (2) miles to a point where it will be bored beneath Lincoln Creek in Sec. 17 of T-11-N, R-02-W (MP 27). Following the crossing of Lincoln Creek, the pipeline continues east approximately six (6) miles along the Road 17 right-of-way (MP 27-30) to eastern edge of Sec. 8, T-11-N, R-01-W (MP 30) where the pipeline turns north for approximately one (1) mile along the right-of way for Road "T" (MP 30), turning 90 degrees east before Road 18 in Sec. 9 of T-11-N, R-01-W (MP 30). The pipeline continues to follow the right-of-way for Road 18 for approximately one and one-half (1.5) miles, turning north 90 degrees through agricultural land into Sec. 3 of T-11-N, R-01-W (MP 30).

MP 30-33. At the point at which the 16" diameter mainline turns north into Sec. 3, an 8" diameter spur line turns south 90 degrees into Sec. 10 of T-11-N, R-01-W for approximately one-half (0.5) mile before turning 90 degrees east for approximately six (6) miles across agricultural land (MP 31-33) to Sec. 10 of T-11-N, R-01-E (MP 33) where the spur line turns 90 degrees south along the right-of-way for County Road 420 approximately two and one-half (2.5) miles to a delivery point for a bio-fuel plant in Sec. 26 of T-11-N, R-01-E (MP 33). This spur line will provide nonjurisdictional service to a high-volume ratepayer.

MP 30, 34-39. From Sec. 3, T-11-N, R-01-W (MP 30), the 16" diameter pipeline continues north approximately three (3) miles through agricultural land, jogging to the west in Sec. 22, T-12-N, R-01-W (MP 34), before boring beneath Lincoln Creek and straightening to follow the right-of-way of Road "U" approximately three and one-half (3.5) miles (MP 35-36), then jogging east through agricultural lands east of Road "U" approximately five and one-half (5.5) miles (MP 36-38) to Sec. 3 of T13, R-01-W (MP 38) where the pipeline is bored beneath the Big Blue River. The pipeline continues north from the Big Blue River approximately three and one-half (3.5) miles (MP 38-39) to Sec. 15 of T-14-N, R-01-W (MP 39).

MP 39-41. In Sec. 15 of T-14-N, R-01-W (MP 39), the 16" diameter mainline comes to a "T". From the "T", a 4" diameter spur line runs west approximately one-half (0.5) mile, at which the spur line splits with the 4" diameter eastern leg proceeding north for approximately one-quarter (0.25) mile to a TBS in the N.W. quadrant of Sec. 15 of T-14-N, R-01-W (MP 39) serving the town of Shelby, Nebraska. The 4" diameter western leg of the spur line continues west approximately five and one-half (5.5) miles (MP 40-41) through agricultural lands to Sec. 15 of T-14-N, R-02-W (MP 41) where the leg turns south for approximately one-half (0.5) mile, crossing agricultural land and County Road 30, and continuing south across agricultural land an additional one-half (0.5) mile to Sec. 22 of T-14-N, R-02-W (MP 41) where the leg turns west again for approximately one-half (0.5) mile across agricultural land to a TBS at County Road "O" in Sec. 22 of T-14-N, R-02-W (MP 41) serving Osceola, Nebraska.

MP 39, 42-43. From the "T" in Sec. 15 of T-14-N, R-01-W (MP 39), the 16" diameter mainline of the pipeline runs east approximately six and one-half (6.5) miles (MP 39, 42-43) across agricultural land to Road "E" at the western edge of Sec. 14, T-14-N, R-01-E (MP 43). At Road "E" at the western edge of Sec. 14, T-14-N, R-01-E (MP 43), a 4" diameter spur line

proceeds north for approximately one-half (0.5) mile to State Highway 92, then west approximately one-quarter (0.25) mile to a TBS in Sec. 10, T-14-N, R-01-E (MP 43) serving Rising City, Nebraska.

MP 44-46. The 16" diameter mainline continues east for approximately three-quarters of a mile to an interconnect in Sec. 14 of T-14-N, R-01-E (MP 44). From this interconnect, a 4" diameter spur line proceeds south one-half (0.5) mile across agricultural land to Road 30, turning east and following the Road 30 right-of-way (MP 44-46) approximately five and one-half (5.5) miles to a TBS in Sec. 14 of T-14-N, R-02-E (MP 46) serving Garrison, Neb.

MP 44, 47-49. From the interconnect in Sec. 14 of T-14-N, R-01-E (MP 44) for the spur line serving Garrison, Nebraska, the 16" diameter mainline continues east another one-half (0.5) miles across agricultural land, to Road "F," turning north and following the right-of-way for Road "F" approximately four (4) miles to Sec. 25 of T-15-N, R-01-E (MP 47), turning east at Road 35 and following the right-of-way for Road 35 (MP 47-49) approximately three (3) miles to the vicinity of Road "I" on the western edge of Sec. 29, T-15-N, R-02-E (MP 49).

MP 49-50. Immediately before the 16" diameter mainline turns north at Road "I" (MP 49), a 6" diameter spur continues east along the right-of-way of Road 35 approximately four (4) miles (MP 49-50) to a TBS in the N.W. quadrant of Sec. 30 of T-15-N, R-03-E (MP 47) serving David City. A short, approximately one-half (0.5) mile 6" diameter spur line from the vicinity of the intersections of Road "M" and Road 35 may serve an alternate TBS in the S.E. quadrant of Sec. 24, T-15-N, R-02-E (MP 50) serving David City, Nebraska.

MP 50-51. From the vicinity of the alternate TBS in the S.E. quadrant of Sec. 24, T-15-N, R-02-E (MP 50) serving David City, Nebraska, a 6" diameter spur line will continue north along the right-of-way for Road M approximately one (1) mile to a railroad right-of-way, turning

approximately 45 degrees north west and following the railroad right-of-way approximately one-half (0.5) mile to a delivery point for a bio-fuel plant in Sec. 12 of T-15-N, R02-W (MP 51).

This spur line will provide nonjurisdictional service to a high-volume ratepayer.

MP 49, 52-55. Immediately after the interconnect with the 4" diameter spur line serving David City, Nebraska, the 16" diameter mainline turns north along the right-of-way for Road "T" (MP 49), running parallel to the right-of-way for Road "I" approximately nine (9) miles to Road 43 1/2 in Sec. 8 of T-16-N, R-02-E (MP 54) where the mainline turns 90 degrees west for less than one-half (0.5) mile, before turning 90 degrees again to the north across agricultural land and boring beneath the Platt River (MP 54). This is the only substantial water crossing on the pipeline route. From the Platte River, the 16" diameter mainline continues across undeveloped land and agricultural land approximately two and one-half (2.5) miles to the northern edge of Sec. 32, T17, R-02-E (MP 55) where the mainline turns 90 degrees west for approximately one and one-half (1.5) miles, turning 90 degrees at Road 1. From this point, the 16" diameter mainline continues north for approximately one (1) mile, terminating at a TBS in the N.E. Quadrant of Sec. 25 of T-17-N, R-01-E (MP 55). This TBS is the terminus of the 16" diameter mainline.

MP 56-57. Approximately one-quarter (0.25) mile before the terminus of the 16" diameter mainline at the TBS in the N.E. Quadrant of Sec. 25 of T-17-N, R-01-E (MP 56), a 6" diameter spur line proceeds west across agricultural land approximately one and three-quarter (1.75) miles to a TBS on the east side of the Loup River Canal in Sec. 26 of T-17-N, R-01-E (MP 56) serving Columbus, Nebraska. From the TBS on the east side of the Loup River Canal, the 6" diameter spur line continues west, bored beneath the Loup River Canal, and following the right-of-way for 8th Street in Columbus, Nebraska, approximately two and one-half (2.5) miles

before turning 45 degrees to the north-west and following a railroad right-of-way for approximately an additional one-half (0.5) mile to a TBS in Sec. 20 of T-17-N, R-01-E (MP 57) serving Columbus, Nebraska.

MP 55, 58-60. From the TBS at the terminus of the 16" diameter mainline in Sec. 25 of T-17-N, R-01-E (MP 55), a 6" diameter mainline extension continues north for approximately one-half (0.5) mile, turning 90 degrees east in Sec. 19 of T-17-N, R-02-E and crossing agricultural land for approximately eight (8) miles (MP 58-60) to County Road 9 on the boundary between Sec. 20 and 21 of T-17-N, R-03-E (MP 60). From this juncture, a 4" diameter spur runs south along the County Road 9 right-of-way approximately six-tenths (0.6) of a mile to a TBS in Sec. 28, T-17-N, R-03-E (MP 60) serving Schuyler, Nebraska. Also from the juncture with the 6" diameter extension of the mainline at County Road 9 on the boundary between Sec. 20 and 21 of T-17-N, R-03-E (MP 55), a second 4" diameter spur, approximately two and one-half (2.5) in length, runs east through agricultural land to a TBS in Sec. 22 of T-17-N, R-03-E (MP 60) also serving Schuyler, Nebraska.

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT A

ARTICLES OF ORGANIZATION

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT B

STATE AUTHORIZATIONS TO DO BUSINESS

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT E

OTHER PENDING APPLICATIONS AND FILINGS

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT F

DESCRIPTION OF NRC PIPELINE’S PROPOSED ROUTE AND MAPS

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT F-I

PRELIMINARY ENVIRONMENTAL REPORT SUMMARY

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT G

FLOW DIAGRAMS SHOWING DAILY DESIGN CAPACITY

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT G-I

FLOW DIAGRAMS REFLECTING MAXIMUM CAPABILITIES

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT G-II

STATEMENT OF ENGINEERING DESIGN

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT H

TOTAL GAS SUPPLY DATA

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT I

MARKET DATA

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT J

FEDERAL AND STATE AUTHORIZATIONS

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT K

COST OF FACILITIES

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT L

FINANCING

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT M

CONSTRUCTION, OPERATION AND MANAGEMENT

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT N

REVENUES – EXPENSES – INCOME

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT O

DEPRECIATION RATES

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT P

TARIFF

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT Z1

RATE SUPPORT

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT Z2

STATEMENT OF COMPLIANCE WITH AFFILIATE CONDUCT REGULATIONS

In the Matter of Nebraska Resources)
Company, LLC (“NRC”) seeking a)
Certificate of Public Necessity)
and Approval of Pro Forma Tariff)

Application No. _____

EXHIBIT Z3

ENGINEERING DETAIL

EXHIBIT F-I

PRELIMINARY ENVIRONMENTAL REPORT SUMMARY

**NEBRASKA RESOURCES
PIPELINE PROJECT**

Nebraska Resources Company LLC

Prepared for:
Nebraska Public Service Commission

Prepared by:
Olsson Associates
1111 Lincoln Mall
Lincoln, NE 68508

January 2008

Olsson Project # 007-0578

**Preliminary Environmental Report Summary
Nebraska Resources Pipeline Project**

TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. PROPOSED ACTION	2
III. PUBLIC AND AGENCY INVOLVEMENT.....	3
IV. PIPELINE MAJOR COMPONENTS	4
V. ALTERNATIVES.....	4
A. No Action.....	4
B. System Alternative	5
C. Major Route Alternatives	5
D. Route Variations.....	5
VI. ABOVEGROUND FACILITIES	6
VII. PROJECT IMPACTS (major report section summaries).....	6
A. Geology	6
B. Soils	7
C. Groundwater	7
D. Surface Water	8
E. Wetlands	8
F. Vegetation	9
G. Wildlife.....	10
H. Fisheries.....	11
I. Special Status Species	11
J. Land Use.....	12
K. Socioeconomics	13
L. Cultural Resources.....	13
M. Air Quality.....	14
N. Noise	14
O. Reliability and Safety.....	14
P. Cumulative Impacts.....	14
VIII. PERMITTING AND REGULATORY COMPLIANCE	15
APPENDICES	
Appendix A.....	Figure 1 - Major Route Alternative Map
.....	Figure 2 - Route Variation Map
.....	Figure 3 - Bio-Fuel Lateral Pipelines
Appendix B.....	NRC Wetland & Waterbody Construction and Mitigation Procedures
Appendix C.....	NRC Upland Erosion Control, Revegetation, and Maintenance Plan
Appendix D.....	NRC Depth of Cover Plan

I. INTRODUCTION

On behalf of Nebraska Resources Company LLC (NRC), Olsson Associates has prepared this preliminary environmental report summary (PERS) to assess the environmental impacts associated with constructing an intrastate pipeline proposed by NRC ("NRC Pipeline"). The purpose of this PERS is to familiarize the Nebraska Public Service Commission (PSC) with the status of the ongoing environmental work being performed in connection with the NRC Pipeline and the scope of the analysis and conclusions to be included in a complete environmental report (ER) submittal in March 2008. This PERS follows Federal Energy Regulatory Commission (FERC) environmental reporting guidelines as closely as possible in the absence of PSC rules and regulations governing the construction of intrastate pipelines. The intent of NRC is to provide a reporting document similar to an Environmental Assessment that would be required by FERC in accordance with the National Environmental Policy Act (NEPA).

NRC is seeking a Certificate of Public Convenience (Certificate) from the PSC authorizing NRC to conduct business within Nebraska as a "jurisdictional utility." Once authorized as a public utility, NRC proposes to construct and operate the NRC Pipeline and supplementary facilities wholly within Nebraska (Project). The new NRC Pipeline will transport natural gas through interconnections with two FERC-regulated pipelines, Trailblazer Pipeline ("Trailblazer") and Kinder Morgan Interstate Gas Transmission ("KMIGT") for delivery to markets in east-central and northeast Nebraska. The NRC Pipeline will supply gas to Aquila, a local distribution company, under Nebraska PSC regulation as a "Hinshaw Pipeline" under the Natural Gas Act.

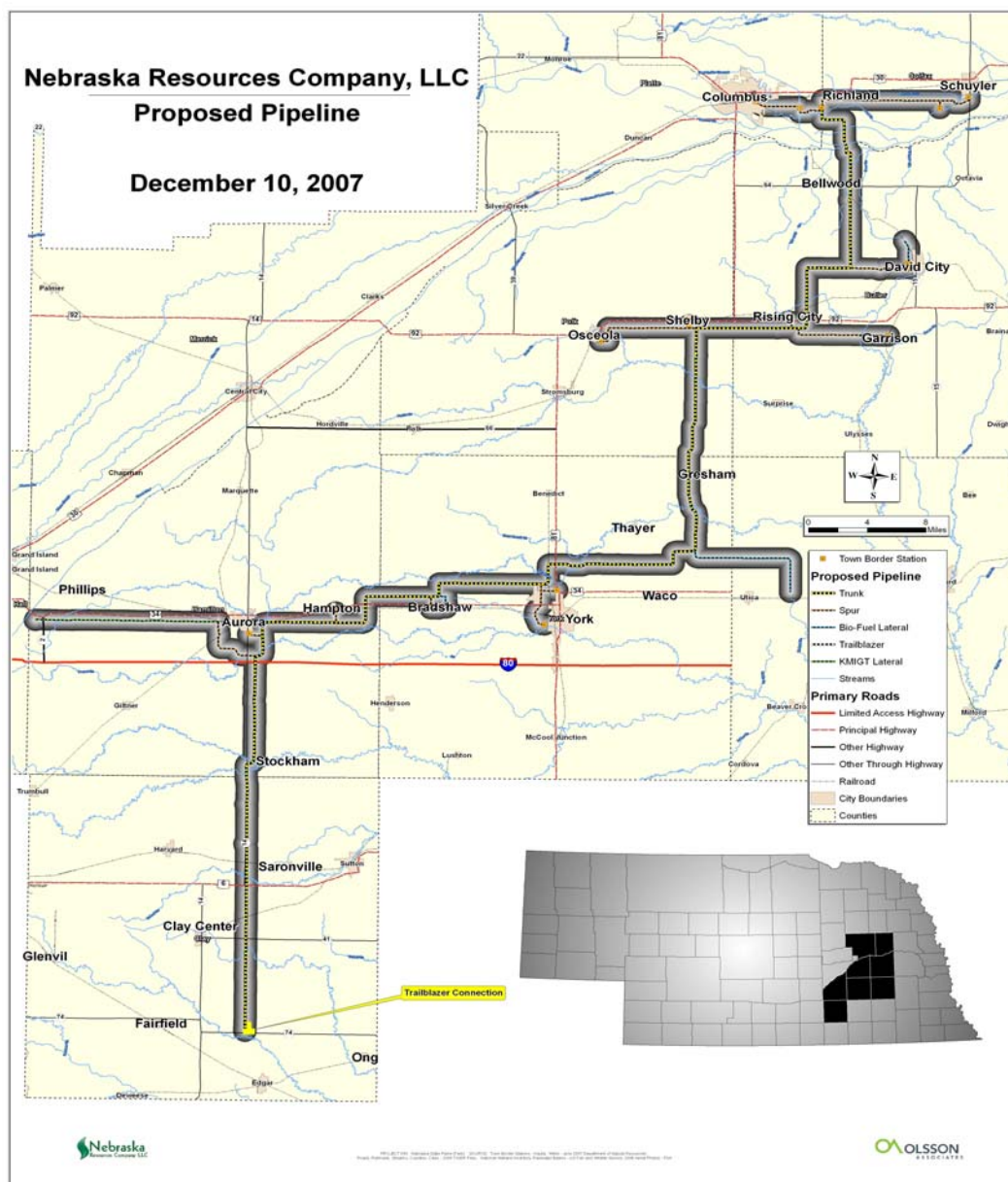
Preliminary environmental investigations for the NRC Pipeline started during May 2007 when an open season was announced by NRC. Both the public and regulatory agencies were notified about the potential for constructing a natural gas pipeline at that time. The open season period identified a delivery region from the vicinity of Clay Center, Nebraska, to Norfolk, Nebraska. A proposed preliminary alignment corridor was determined once gas delivery points became known at the end of open season in June 2007, consistent with the NEPA process. The preliminary alignment corridor was refined through a series of public meetings and agency correspondence. In July, several agencies participated in a site visit, and nine public meetings were completed between July and August 2007. The proposed NRC pipeline route extends from the vicinity of Clay Center, Nebraska, to Columbus, Nebraska. Field evaluations were conducted during 2007 to comply with regulatory conditions and agency guidance. An Order of the PSC extending its regulatory jurisdiction over the proposed NRC Pipeline was entered on October 29, 2007.

The northeast part of Nebraska, specifically the vicinity of Norfolk, Nebraska, is apparently underserved by existing pipelines; thus, the PSC Order has generated additional interest in delivering natural gas to this area. Since the Order, several bio-fuel producers have expressed interest in securing gas delivery from the NRC Pipeline. Based on the need for gas supplies in this region, a second receipt lateral was identified with KMIGT. This second receipt lateral (KMIGT Lateral) is in an area located south of the Platte River near Grand Island and the NRC Pipeline will extend east from this interconnect towards Aurora, where it will serve a major industrial facility and connect with the rest of the NRC Pipeline extending north from Clay Center. This second receipt point will support the immediate needs required by bio-fuel producers near Aurora and will also be available to maintain some natural gas deliveries to east-central and northeast Nebraska should deliveries of natural gas from Trailblazer be disrupted or temporarily curtailed.

II. PROPOSED ACTION

The purpose of the NRC Pipeline is to provide natural gas transportation service through interconnections with Trailblazer and KMGIT to a demand-intensive region in east-central and northeast Nebraska. All of the gas transported through the NRC Pipeline will be consumed wholly within Nebraska and none of the gas transported by the NRC Pipeline will be delivered outside Nebraska state boundaries. Exhibit F details the location of the NRC Pipeline's proposed final alignment.

As currently proposed, the NRC Pipeline would consist of constructing and operating approximately 170 miles of natural gas pipeline to connect to Aquila owned Town-Border Stations (TBS) and to high-volume ratepayers throughout the pipeline corridor. No compression stations are currently being planned as part of the NRC Pipeline. Once the NRC Pipeline is completed, approximately 70 to 90 thousand dekatherms per day (Dth/d) of natural gas will be transported. Below is a vicinity map of the proposed NRC Pipeline.



III. PUBLIC AND AGENCY INVOLVEMENT

Appropriate federal, state, and local agencies have been contacted as the Project has progressed since May, 2007. Ongoing coordination will continue for the duration of the Project. Initial contact was made with agencies by mail during the open season period to inform them of the proposed Project and to solicit any environmental concerns. Responses during early coordination efforts were generally requests for continued updates as Project plans proceeded. At the end of the open season, a proposed preliminary alignment corridor was designed. A second agency mailing was made on June 26, 2007, to inform agencies of the alignment corridor and to invite them to attend public meetings.

Public meetings were held in Aurora, Nebraska, on July 9, 2007, and in Columbus, Nebraska, on July 10, 2007, to provide information and solicit public comments and concerns related to the Project and the preliminary alignment. Before the meetings, ads were placed in local newspapers within the seven county area. Because a final pipeline alignment had not yet been determined, notices were not sent directly to specific landowners.

Several alternative alignments within the corridor were developed based on public feedback, and agencies were invited to participate in a Project site visit on July 12, 2007. Agencies attending included the U.S. Fish and Wildlife Service (USFWS), the U.S. Army Corps of Engineers (COE), the Nebraska Department of Environmental Quality (NDEQ), and the Nebraska Game and Parks Commission (NGPC). Additionally, the Nebraska Department of Natural Resources (NDNR) and the United States Environmental Protection Agency (EPA) responded but were unable to attend. Each of these agencies provided information, recommendations, and a review of the proposed alignments within the corridor, and this information was used to develop the proposed final alignment. Another meeting was conducted with several NDEQ departments on August 3, 2007, to discuss various permitting requirements.

Comments provided by the participating agencies were used to select the proposed final alignment. Following the selection of the proposed final alignment, 727 potentially affected property owners (based on title searches) were notified by mail to inform them of the NRC Pipeline's proposed final alignment and invite them to the public meetings. Newspaper ads were also placed in the seven county area before the meetings, which were held in each of the following seven counties the proposed NRC Pipeline crossed:

- Aurora – August 13, 2007 (Hamilton County)
- Clay Center – August 14, 2007 (Clay County)
- York – August 15, 2007 (York County)
- Stromsburg – August 16, 2007 (Polk County)
- David City – August 20, 2007 (Butler County)
- Columbus – August 21, 2007 (Platte County)
- Schuyler – August 22, 2007 (Colfax County)

Staff members from Olsson Associates and Midwest Right of Way attended the public meetings and presented information about the proposed Project. Midwest Right of Way staff members were available to discuss easement acquisition issues and answer any questions from property owners.

Environmental field work was conducted in August 2007. Project team members called each property owner in the area of potential environmental impact to request permission to access their property and to answer any questions.

Project information regarding environmental regulatory compliance, including public involvement, was summarized during testimony before the PSC on September 25, 2007.

After the PSC Order, additional natural gas delivery locations became apparent and interest in obtaining natural gas deliveries further north to Norfolk, Nebraska became evident. Based on the potential for additional natural gas loads to be delivered, the second natural gas receipt point with KMITG was identified.

An additional public meeting was held in Aurora on December 13, 2007, regarding a 13-mile segment of the NRC Pipeline running from the second receipt point with KMITG to the proposed location of the NRC Pipeline in Aurora. This meeting was added to notify the public, including 75 potentially impacted property owners (based on title searches), of the proposed new NRC Pipeline segment that was not specifically included earlier in the public involvement process. Participating agencies were also notified and invited to attend this public meeting.

Agency and public coordination will continue until the Project is completed. If any major revisions to the alignment occur in the future, a public meeting will be held for newly affected landowners. Landowners no longer affected will also be notified. As the Project progresses, Midwest Right of Way will continue to handle calls from stakeholders affected by the Project.

In an effort to maximize public education and input, a Web site has been established to provide information about the Project, at <http://nrc.seminoleenergy.com>.

IV. PIPELINE MAJOR COMPONENTS

NRC proposes to construct and operate approximately 170 miles of natural gas pipeline ranging in diameter from 6 inch to 240 inch pipe. The proposed NRC Pipeline would begin at the existing Trailblazer pipeline in Clay County, Nebraska, at milepost (MP) 0.0 and proceed northward through seven counties in Nebraska, terminating near the existing Town-Border-Station (TBS) east of Columbus, Nebraska (see Exhibit F).

V. ALTERNATIVES

A. No Action

The No Action Alternative was considered for the NRC Pipeline Project. This alternative would eliminate direct, secondary, and cumulative impacts associated with project construction. However, this alternative would not meet the Project's purpose, including the need to deliver natural gas to east-central and northeast Nebraska. The no action alternative would result in more expensive and less reliable natural gas supplies for end users that would otherwise be served directly or indirectly by the NRC Pipeline. Additionally, the market in east-central and northeast Nebraska continues to show growth in bio-fuels production, which has resulted in a higher demand for existing natural gas supplies throughout the region.

The No Action Alternative would force a greater reliance on other fossil fuels, such as coal or fuel oil, both of which would need to be transported by either railway or trucking, both of which are less reliable than using a pipeline and which might require additional expenditures for transportation infrastructure. Therefore, we conclude that the No Action Alternative is not a feasible alternative.

B. System Alternative

An NRC pipeline System Alternative, using an existing pipeline, would require significant transport of natural gas to Aquila-owned Town-Border-Stations in east-central and northeast Nebraska. Any system alternative would also be required to serve the growing bio-fuels industries in this region. Currently, we are unaware of any existing south to north pipelines in this region capable of supporting the natural gas volume needed to meet the demand proposed to be served by the NRC Pipeline; therefore, using an existing pipeline is not an available alternative.

Reasonable looping options that can deliver the necessary gas loads to this region do not exist. Any existing pipelines that might be able to deliver increased quantities of natural gas to the region would need to be completely overhauled and would likely require construction of substantial additional capacity. Such construction could potentially disrupt delivery of natural gas during reconstruction period and could result in environmental impacts similar to those of a new pipeline. Due to the lack of alternative pipelines, and complexities associated with reconstructing any existing pipeline segments, the Existing System Alternative is not a feasible alternative.

C. Major Route Alternatives

Three Major Route alternatives were analyzed to develop the proposed final alignment. These included the Hastings West Route, the Bradshaw South Route, and the Columbus South Route. Figure 1 in Appendix A depicts these Major Route Alternatives. Each of the routes was analyzed to determine if environmental impacts could be avoided, minimized, or mitigated, particularly in areas such as Waterfowl Production Areas (WPAs), Traditional Rainwater Basin wetlands, Threatened and Endangered Species habitats, population centers, and recreation areas that would be crossed by the proposed NRC Pipeline. Both the Hastings West Route and the Columbus South Route were eliminated because they would have more social, economic, and natural environmental impacts than the proposed final alignment.

The Bradshaw South Route is still being discussed in coordination with connecting to the KMIT receipt point which is still receiving public involvement comments. None of the Major Route Alternatives have been reviewed in detail. Comments regarding the Bradshaw South Route to parallel an existing natural gas line could warrant additional investigation. However, the preferred route at this time is the proposed final alignment shown in Exhibit F.

D. Route Variations

Minor changes may be made to the proposed final alignment route to avoid or minimize environmental impacts. After completing the public comment period for the pipeline segment connecting to the KMIT receipt point, some variations from the proposed final alignment may be detailed as part of the March 2008 submittal to PSC. Recommendations regarding variations, alternatives, or modifications will be made as part of the March 2008 submittal. At this time, three route variations are being reviewed, including the Aurora TBS connection, the Garrison TBS connection, and the David City TBS connection. Figure 2 in Appendix A depicts the location of the route variations being evaluated at this time.

Three Bio-fuel lateral pipelines have been proposed since the PSC order. These proposed lateral pipelines are located near the communities of Bradshaw, Utica, and David City. These delivery laterals will provide service to non-jurisdictional shippers. Environmental reviews for these three proposed lateral lines have not yet been

conducted due to the timing of the PSC order in late October. All three laterals will be reviewed for potential environmental impacts as part of the March, 2008 ER submittal. These bio-fuel lines are identified within Exhibit F and are also shown on Figure 3 in Appendix A.

VI. ABOVEGROUND FACILITIES

Aboveground facilities for the NRC Project will include meter stations, pig launchers and receivers, and main line valves.

VII. PROJECT IMPACTS (major report section summaries)

A. Geology

The State of Nebraska is divided by the Nebraska Conservation Survey Division (CSD) into eight topographic regions and thirteen groundwater regions that are useful subdivisions defining the geologic and hydrogeologic resources in the state. The proposed NRC Pipeline would be located within the following topographic regions of Nebraska: Plains, Valleys, and Bluffs/Escarpments. The majority of the proposed final alignment falls within the Plains region of relatively flat uplands generally underlain by sandstones and stream-deposited sands or gravelly sands. Soils on the surface are wind-deposited silts (loess) that are friable, fertile, and allow moderate infiltration of precipitation. Along the major river valleys, including the Platte River, the low relief areas are underlain by river deposited clay, silt, sand, and gravel. A topographic escarpment at the northeast portion of the alignment runs parallel to the Platte River south of Bellwood, Nebraska. The escarpment region is relatively rugged land with steep and irregular slopes. In the area south of Bellwood, the escarpment dissects the Cretaceous bedrock units.

During construction of the proposed NRC Pipeline, temporary disturbances of the natural topography will be required along the pipeline right-of-way. When the construction project is complete, the natural topography will be restored as close to pre-construction contours as possible.

The NRC Pipeline Project lies entirely within an area with relatively low seismic risk. Based on this assessment, seismic hazards do not pose a significant risk to the proposed pipeline and facilities. Additionally, due to the low topographic relief of the area, the risk of landslides during and after Project construction is not a significant concern.

Underground mining and karst topographic features do not occur in the proposed pipeline construction area; therefore, subsidence is not a significant concern. Flooding and scour are potential concerns where the proposed final alignment route crosses the major streams in the watersheds. The NRC Pipeline will be buried at sufficient depth to avoid possible scour. Detailed information on the installation measures at stream crossings is included in the *Wetland and Waterbody Construction and Mitigation Procedures* in Appendix B.

Mineral and sensitive paleontological resources within the proposed NRC Pipeline corridor were researched for oil and gas, mineral prospects, and unique fossil sites. No significant issues with minerals or paleontological resources were identified. Several exploratory oil and gas wells had been drilled adjacent to the pipeline corridor; however, all were abandoned as dry holes. The majority of mining operations in Nebraska are associated with producing portland cement, crushed stone, and construction sand and

gravel. No sand and gravel pits are located within the pipeline construction corridor. Of the 878 fossil localities documented in the Paleobiology Database for the State of Nebraska, only two are located within the general area of the proposed pipeline corridor. Pleistocene mammoth, black-footed ferret, vole, and ground squirrel fossils were identified in Clay County within the Loveland Loess. Significantly unique fossil sites are not identified in the area; however, any unanticipated paleontological discoveries encountered during construction would be promptly reported to the Nebraska State Historical Society in order that the significance of any such discoveries can be assessed.

B. Soils

The soils in the proposed Project area consist of primarily farmland. Other soil types of concern include erodible, compaction prone, droughty, and hydric soils. The long-term impacts to soils from the NRC Pipeline are minimal due to restoration following construction and negligible aboveground permanent structures. Impacts to soils, both during and post-construction will be mitigated through implementing NRC's Upland Erosion Control, Revegetation, and Maintenance Plan (Appendix C). State construction permits also call for preventative measures, including restoring contours, segregating topsoil and subsoil, controlling erosion, mitigating compaction, revegetating, and monitoring and maintaining the environment after construction.

Selecting the proposed pipeline final alignment required using existing information from the EPA and the NDEQ to avoid known areas of contaminated soils. If unexpected contaminated soils are detected during construction, the NDEQ will be notified within 24 hours, and appropriate action will be conducted.

C. Groundwater

Although some states have more precipitation and more water in lakes or stream flow, in terms of total volume of good-quality groundwater available for use, Nebraska is unmatched. The state is underlain by the High Plains Aquifer, and, in certain parts of western Nebraska, the thickness of the aquifer is over 500 feet. Beneath the proposed NRC Pipeline corridor, the High Plains Aquifer ranges in thickness from less than 100 feet near the Platte River to 300 feet of saturated thickness across most of the alignment. The High Plains Aquifer is not identified by the EPA as a sole-source aquifer.

The proposed final alignment crosses 15 municipal Wellhead Protection Areas (WHPAs) as registered through the Nebraska Department of Environmental Quality (NDEQ). Based on a consultation with NDEQ, no special construction practices would be required within the WHPAs except following standard construction practices and implementing the project spill prevention plan.

No municipal water supply wells are identified within 150 feet of the proposed construction corridor; however, 73 registered irrigation wells reside within the 150 feet construction zone. The potential impacts to the 73 active irrigation wells is minimal due to the depth of the aquifers and the fact that recharge to the aquifers occurs over a much broader area than the area proposed for constructing the pipeline. Adhering to standard practices during construction and maintenance activities and adhering to the spill prevention plan will minimize potential impacts to public and private water supply resources.

D. Surface Water

The NRC Pipeline would cross approximately 40 surface waters, including 13 perennial stream/river crossings and 27 intermittent/ephemeral stream crossings. NRC proposes to horizontally directionally drill or bore beneath all perennial waterbody crossings, including the Platte River. The Platte River is the one waterbody that would be considered sensitive because of the presence of sensitive, threatened, or endangered species habitat. NRC will minimize impacts to surface waters by implementing the construction and mitigation procedures contained in the Wetland and Waterbody Construction Procedures included in Appendix B of this submittal.

NRC will require approximately five million gallons of water to hydrostatically test the entire main line. Where feasible, NRC will use a “cascading” process, by which the test water from one section is transferred and reused in subsequent sections. The majority of the test water for the NRC Project is expected to be obtained from existing irrigation wells or surface water sources when available. NRC will minimize the potential effects of hydrostatic testing on surface water resources by adhering to the measures in the Waterbody Construction Procedures.

E. Wetlands

Preliminary investigation indicates that the proposed NRC Pipeline crosses four main Nebraska wetland subclasses, which are a riverine channel, a riverine floodplain, floodplain depressions, and playa depressions. One important geographic wetland region along the proposed final alignment is the Traditional Rainwater Basin wetland complex. These playa depressions were formed by wind and loess (a silt-loam soil) deposits. A clay layer of soil beneath the wetland traps water at the surface, usually with no connection to groundwater in these wetlands. This complex is considered to be a critical regional component for the seasonal migrations of birds, including the federally endangered Whooping Crane. The proposed pipeline alignment was chosen to avoid and minimize impacts where possible to Traditional Rainwater Basins and other wetlands. In areas where the Traditional Rainwater Basin wetlands are in the path of the proposed final alignment, horizontal directional boring will be used to avoid wetland impacts. These construction borings are depicted along the proposed final alignment in Exhibit F.

Field evaluations were conducted along the entire proposed alignment to determine the location of wetlands. Wetlands were identified in accordance with generally accepted methods of the U.S. Army Corps of Engineers (COE). Based on the findings of the field evaluations, approximately 36 wetland areas exist along the alignment.

The COE is tasked with the authority to regulate dredge and fill materials into waters of the United States. These waters include wetlands and streams with a significant nexus or downstream connection to Traditionally Navigable Waters. In addition, the Nebraska Department of Environmental Quality (NDEQ) has authority under Title 117, Surface Water Quality Standards, to ensure that a project does not degrade state waters. Coordination has been ongoing with the COE and NDEQ to determine the extent of the impact on wetlands and other waters that might be considered jurisdictional. Existing data and regulatory guidance provided by the COE was used to determine the full extent of jurisdictional water along the NRC Pipeline’s proposed final alignment.

A Section 404 permit will be required from the Corps of Engineers for all temporary and permanent impacts to jurisdictional wetlands and other waters of the United States. During construction, many wetlands will be avoided by adjusting the proposed final

alignment or by using horizontal directional boring. Impacts to emergent wetlands will be temporary and will be restored to pre-existing conditions. However, a narrow corridor above the NRC Pipeline, through forested wetlands and riparian corridors, will be permanent for maintenance access. This corridor will be seeded with emergent wetland and native prairie species. Additionally, impacts to other emergent wetlands will be minimized by reducing the construction right-of-way limits to the greatest extent possible. Appendix B includes construction and mitigation procedures for Wetlands and Waterbody crossings.

F. Vegetation

The NRC Pipeline will disturb mainly agricultural land and pastures. Agricultural fields used for yearly production of row crops (corn, beans, wheat) and for hay (alfalfa) production are located along the proposed final alignment. Pastures for the most part are dominated by smooth brome, a non-native species that has been planted extensively throughout the area for pasture land.

A few areas of native grasses, including big bluestem, Indiangrass, and switchgrass, are scattered along the southern portion of the proposed final alignment. These areas may be part of the Conservation Reserve Program (CRP). Wet mesic meadows and tallgrass prairie meadows were observed north of the Platte River. The wet mesic meadows were dominated by prairie cordgrass, big bluestem, reed canarygrass, sedges, foxtail barley, and false indigo. Tallgrass prairie meadows were dominated by big bluestem, Indiangrass, and grama grass.

The proposed final alignment will cross several creeks and associated tributaries, as well as emergent wetlands, forested wetlands, and riparian woodlands associated with creeks or low-lying depressions, but construction methods will avoid or minimize impacts to most of these areas. The majority of emergent wetlands are dominated by reed canarygrass, poison hemlock, giant ragweed, cattails, bulrushes, and sedges. Forested wetlands are dominated by cottonwoods, willows, green ash, and honey locust. Riparian woodlands are dominated by cottonwoods, mulberry, green ash, elms, and cedars.

Federal and state agencies were consulted regarding the Project and potential impacts to threatened and endangered species and critical habitat. The NGPC indicated that several "at-risk" plant species and native plant communities may occur within the Project area. At risk species include small white Lady's slipper, wolf's spikerush, and western prairie fringed orchid. Appropriate habitat for these species includes wet prairies, sedge wet prairies, and high quality prairies (western prairie fringed orchid). The vegetation survey was not conducted until late summer, which is outside of the flowering seasons for lady's slipper and western fringed prairie orchid. Meadows and areas of wet meadows were observed north of the Platte River. NGPC will be consulted regarding field surveys for further investigation.

NGPC also listed native plant communities, which include several tallgrass prairie and wet prairie communities. The majority of the tallgrass prairie communities in the project area have been converted to intensive agricultural production, and these communities were not encountered during the site visit along the southern portion of the alignment. Wet mesic prairie and tallgrass prairie communities were observed north of the Platte River. It is unknown if these areas are virgin prairie communities. NGPC and U.S. Fish and Wildlife Service (USFWS) will be consulted regarding mitigation impacts in these areas, should they exist.

The U.S. Army Corps of Engineers, Omaha District (COE) was consulted regarding potential impacts to wetlands and some stream channels, and it was determined that section 404 permits will be required. Horizontal boring will be conducted at major stream and river crossings, eliminating permanent impacts at these areas. Permanent impacts to wetlands will be mitigated on-site or at another location and ratio acceptable to regulatory agencies. Permits issued by the COE will detail requirements regarding mitigation for wetland impacts.

Impacts to grasslands, agricultural habitats, and emergent wetlands would likely not be noticeable within a few years; however, forested wetlands and riparian woodlands could take from 10 to 30 years to be restored. The NRC Upland Erosion Control, Revegetation, and Maintenance Plan calls for restoring the land to its pre-existing state, with the exception of a narrow corridor of herbaceous species that is planned over the NRC Pipeline through wooded areas. This corridor is needed for pipeline maintenance and repair. The Project will be coordinated with landowners and resource agencies for restoring areas disturbed by pipeline construction. Appendix C details the NRC Upland Erosion Control, Revegetation, and Maintenance Plan.

G. Wildlife

A wide variety of wildlife species uses the habitats that will be crossed by the NRC Pipeline. The majority of the construction for the Project will take place on land used for row crop production and pastureland and which, therefore, has already been disturbed. This type of habitat is suitable for wildlife species found along the pipeline corridor, including mammals such as whitetail deer, raccoon, coyote, Eastern cottontail, mice, and voles; birds such as meadowlarks, blackbirds, and migratory waterfowl; reptiles such as garter and bull snakes; and amphibians such as frogs.

Because of the existing land use in the Project area and anticipated construction methods, impacts to wildlife due to constructing the NRC Pipeline will be minimal. Impacts may include displacement, direct mortality, reproductive disturbance, stress, relocation, and behavioral disruptions. The proposed alignment follows existing right of ways and property lines when possible, which should help reduce habitat fragmentation. The completed project will result in the woodland habitat having a narrow break. However, since the non-wooded corridor will be relatively narrow, it is anticipated that this level of habitat fragmentation will have very little negative impact on the wildlife species that use the woodland areas along the proposed final alignment. As most of the wooded areas are narrow and discontinuous riparian corridors, many of the species that use these areas will tolerate and even benefit from the vegetation diversity.

Constructing the NRC Pipeline has the potential to temporarily impact a variety of migratory birds, including raptors and songbirds. NRC has been coordinating with and will continue to coordinate with resource agencies regarding minimizing and avoiding construction impacts to migratory birds. Coordinating with agencies will be done to determine any necessary biological surveys that are needed before or during construction. The Project plans will include measures recommended by the agencies to avoid the death of migratory birds.

H. Fisheries

The NRC Pipeline will cross a number of intermittent or perennial streams or rivers that have sufficient aquatic habitat for fish species. The NGPC has provided mapped fisheries classifications in the State of Nebraska for nine of the stream or river crossings. Continued coordination with Nebraska Game and Parks Commission will be conducted to evaluate the remaining streams. All of these streams and rivers are warmwater fisheries.

The NGPC uses four categories or Value Classes to evaluate fishery resources in streams. These Value Classes range from Value Class I – highest-valued fishery resource to Value Class IV – limited fishery resource. The criteria used to determine the Value Class of a stream include the following: 1) Occurrence of state or federal endangered species, 2) Occurrence of state or federal threatened species, 3) Species of high interest to the state, 4) Habitat restoration potential.

All of the classified streams or rivers, with the exception of the Platte River, are either Value Class III – substantial fishery resource or Value Class IV – limited fishery resource. The Platte River is classified as a Value Class I – highest value fishery resource. The Platte River contains habitat for a variety of high interest species and has occurrences of state or federal threatened or endangered species. It is believed, based on the field investigation, that the remaining streams are either not classified as a fisheries resource or are classified as Value Class III or IV.

The Project plans call for the major crossings to use horizontal directional boring techniques, which will avoid impacts to fisheries in these waters. For minor waterbody crossings, open cut methods may be used, following the plans detailed in Appendix B. The guidelines for each crossing method contain measures to minimize construction impacts on fisheries resources. The Project plan will include mitigation measures such as construction methods and timing, erosion and sediment control, and chemical spill prevention.

I. Special Status Species

Regarding protection of Threatened and Endangered species, regulatory compliance with the following statutes is mandated under the National Environmental Policy Act (NEPA) (42 U.S.C. 4321-4347): the Endangered Species Act (ESA) of 1973 (87 Stat. 884, as amended; 16 U.S.C.1531 *et seq.*); Fish and Wildlife Coordination Act (FWCA) (488 Stat. 401; 16 U.S.C. 661*et seq.*); Bald and Golden Eagle Protection Act (BGEPA) (16 U.S.C. 688-688d, as amended); and Migratory Bird Treaty Act (MBTA) (16 U.S.C. 703-712, as amended).

The U.S. Fish and Wildlife Service (USFWS) provided a list of federally-listed species that may occur or could be affected by the proposed pipeline project, as well as species-specific recommendations. In accordance with Section 7(a)(2) of the ESA, a determination shall be made to determine if any federally-listed or proposed threatened or endangered species and/or designated or proposed critical habitat would be directly and/or indirectly affected by the proposed project. Provided that the USFWS' recommendations are implemented, the USFWS has expressed no concerns regarding the proposed Project.

The Nebraska Game and Parks Commission (NGPC) provided a list of species, ecological communities, and NGPC property located within the proposed NRC Pipeline Project corridor. NGPC indicated that the project has the potential to impact several

state-listed threatened and endangered species and provided recommendations for each species.

J. Land Use

Constructing the NRC Pipeline will disturb mainly agricultural land (row crops and hay fields) and prairie grassland. Impacts from the pipeline will include temporary construction impacts and permanent right-of-way impacts. Disturbed areas on agricultural land will be restored to their original profiles and contours as much as is practical. Disturbed areas on hay fields and pastures will be restored by native grass plantings.

Consultations with the Natural Resource Conservation Service (NRCS) regarding prime farmland revealed that the Project is cleared of Farmland Protection Policy Act concerns. The U.S. Department of the Interior, Bureau of Reclamation, was also consulted, and indicated there are no reclamation facilities, lands, or resources located in the proposed NRC Pipeline Project area.

Additional areas of undeveloped land disturbance include small stream channels, emergent and forested wetlands, and windbreaks. Impacts to these resources will be minimized by horizontal boring at major creek and river crossings where possible. Disturbed stream areas will be restored to their original profiles, and emergent wetlands will be restored by native wet prairie grass seeding. A herbaceous vegetation corridor will be maintained up to 10 feet wide centered over the pipeline to facilitate maintenance and inspections. Therefore, impacted forested wetlands and riparian woodlands will be replaced by native grass seeding.

Construction will impact some improvements, including county road rights-of-way, railroad rights-of-way, and existing natural gas pipeline and transmission line rights-of-way. Horizontal boring will be completed at major road crossings (Interstate 80 and Highway 34) and railroad crossings. County road crossings methods will vary between open cut and horizontal boring. Each county will be contacted to coordinate road crossing construction and permitting requirements. It is anticipated that crossings will be accomplished through a mix of open trench and boring construction techniques. The construction method will be approved and permitted according to each county's road crossing regulations before construction. Rights-of-way will be restored to the original profile.

The NRC Pipeline will impact some parts of farmsteads and acreages, including out building locations, irrigation reuse pits, surface irrigation pipes, lawns, and windbreaks. In areas where spurs terminate at town border stations, the potential exists to impact commercial/industrial areas. No residences or businesses are anticipated to require relocation. Post-construction plans call for consulting the landowners and appropriate local officials or managers regarding restoring these areas to pre-existing conditions as much as is practical. Appendix D provides NRC Depth of Cover Plan.

K. Socioeconomics

Constructing the NRC Pipeline will produce positive socioeconomic impacts in towns and counties situated along the proposed final alignment. Anticipated impacts include an increase in local business activity due to additional temporary construction workers, increases in municipal populations, population densities, local labor force, and per capita income. Other significant socioeconomic indicators that may be affected include the availability and distribution of local employment and housing. Collectively, these socioeconomic indicators directly impact local economies and municipal tax revenues. Impacts from construction and post-construction measures are expected to be minimal and temporary.

Ancillary socioeconomic impacts include disturbing existing physical and social character. Elements of social character include changes in landscape, views and vistas, and the addition of new residents. Towns and counties situated along the proposed final alignment may experience the disruption of local social character; however, these impacts are expected to be minimal and temporary.

L. Cultural Resources

The National Historic Preservation Act requires federal agencies to consider the effect of the actions they authorize on property listed or eligible for listing in the National Register of Historic Places and to afford the Advisory Council on Historic Preservation (“ACHP”) a reasonable opportunity to comment on such actions. The definition of historic resource is provided under Title III, Section 301(5) (16 U.S.C. 470w) of the National Historic Preservation Act of 1966 as “any prehistoric or historic district, site, building, structure, or object included in, or eligible for inclusion on, the National Register, including artifacts, records, and material remains related to such a property or resource.”

Early consultation was initiated with the Nebraska State Historic Preservation Office (SHPO) requesting a review of and comments on the preliminary pipeline route. However, the process of fully complying with Section 106 of the National Historic Preservation Act (NHPA) is not complete, as cultural resources surveys have not been conducted in all areas that may be potentially affected during construction.

Based on SHPO’s preliminary review, two known archaeological sites appear to be within the study area of the proposed Project; however, these two sites are located in the section west of the Aurora I-80 interchange and will not be impacted by the proposed final alignment. SHPO also determined that several areas have historic sites nearby, and SHPO gave a preliminary recommendation that all stream crossings be surveyed for unreported archaeological resources. In addition, those areas of the pipeline that pass within one-quarter mile of upland lakes and sloughs should also be surveyed. An off-site literature review of the National Register of Historical Places (NRHP) found that no known sites are located on the proposed final alignment corridor currently listed on the NRHP, although several sites are adjacent to the corridor.

All appropriate consultations with the SHPO, and any appropriate field investigations or other compliance actions resulting from these consultations, will be completed before construction for those cultural resources areas.

M. Air Quality

Air emissions associated with constructing and operating the NRC Pipeline will not require an air quality construction permit or an air quality operating permit from the State of Nebraska. Air emissions associated with construction are not required to be permitted, and air emissions associated with operation are predicted to be negligible.

NRC will apply for burn permits at the Nebraska Department of Environmental Quality and at local fire departments along the projected pipeline path to remove non-treated vegetation from the construction site. Water will be applied to haul roads when conditions necessitate reducing fugitive dust.

In the event a natural gas compressor station is required to be modified or constructed as part of the Project, an air quality construction permit application will be completed and submitted to the appropriate regulatory review agency, if required.

N. Noise

A temporary increase in ambient noise will occur along the proposed final alignment during construction activities; however, the noise level is not anticipated to be significant.

The towns and counties within the proposed final alignment do not have ordinances or regulations that would place specific mitigation requirements on the Project. Noise impacts associated with construction activities can be managed by adding specifications within the construction contract, such as limiting the hours of construction to daylight only, requiring all engines to have mufflers in good working condition, and placing portable compressors and generators in areas away from populated areas. Additionally, the placement of staging areas will be located away from residential areas.

O. Reliability and Safety

NRC will meet or exceed the U.S. Department of Transportation pipeline materials and construction standards for natural gas pipeline facilities. Following construction, NRC will initiate a pipeline integrity management program, including regular inspections to ensure public safety while operating the proposed facilities. NRC will also establish an emergency plan that will include procedures to minimize hazards in the case of gas leakage, fire, explosion, or natural disaster.

P. Cumulative Impacts

Reasonably foreseeable construction projects have been evaluated to determine whether they will overlap in time and space with the proposed Project and, thus, could interact to cause cumulative impacts, or additively impact resources that would be affected by constructing and operating the NRC Pipeline. Reasonably foreseeable actions include current and projected area development management activities and authorizations on public lands (e.g., wildlife management areas), land use trends, and applicable industrial/infrastructure components (e.g., utility corridors).

The NRC Pipeline's proposed final alignment is located in rural areas with no major industrial or commercial centers nearby. The majority of the proposed NRC Pipeline will be located along existing rights-of-way (ROW) to reduce the overall amount of natural resource impacts and interference with agricultural operations. The amount of land associated with the NRC Pipeline ROW represents a very small fraction of the available farmland and native vegetation in the region. Adverse impacts during construction would be short term and localized (generally within a few hundred feet of construction activities), and the contribution to cumulative impacts would be minor. No permanent

impacts are anticipated to wetland, farmland, stream crossings, or other environmental resources identified along the proposed pipeline corridor. As cultural resource surveys will occur before any surface-disturbing activities in the proposed NRC Pipeline ROW, and as all identified cultural resources will be avoided, impacts to these resources are expected to be minimal. Once the Project has been completed, most affected areas will be restored to preconstruction conditions.

No past, present, or reasonably foreseeable future actions are anticipated to result in cumulative impacts when considered with the proposed Project. NRC will implement resource- or activity-specific plans, procedures, and agreements to protect natural resources, avoid or limit environmental impact, and promote restoration of all disturbed areas during project construction and operation; as a consequence, the proposed NRC Pipeline does not represent a substantial cumulative disturbance to the environment.

VIII. PERMITTING AND REGULATORY COMPLIANCE

Ongoing agency coordination consists of preparing the appropriate permits and approvals for implementing the proposed Project. Permitting and other regulatory compliance activities will be required at all levels through Project completion. Several agencies have provided construction information, permits, approvals, and regulatory guidance for the NRC Pipeline's proposed final alignment (see Table 1).

Each agency tasked with the authority to enforce regulations at the federal, state, and local level has some reviewing authority over the entire Project with sole source reviewing capabilities. For example, Section 7 of the Endangered Species Act (ESA) states that any **project authorized, funded, or conducted by any federal agency** should not "jeopardize the continued existence of any endangered species or result in the destruction or adverse modification of habitat of such species and/or result in the destruction or adverse modification of designated and/or proposed critical habitat." At the federal level, the COE is the agency that authorizes Section 404 permits through the Clean Water Act (CWA) for jurisdictional waters of the United States. Constructing the Project will likely require the issuance of several Section 404 Permits, at least for temporary construction impacts. Before any Section 404 permits are issued, coordination will be required with the FWS for compliance with the ESA.

The state level sole source review parallels the issuance of Section 404 Permits at the federal level under the CWA and ESA. In Nebraska, those waters not protected under federal jurisdiction are still considered waters of the state under the Antidegradation clause in Title 117, Surface Water Quality Standards. Impacts to waters of Nebraska require a Section 401 Water Quality Certification from the NDEQ. Waters of Nebraska include the Traditional Rainwater Basins discussed earlier under Project Impacts. Similar to the ESA, the Nebraska Nongame and Endangered Species Conservation Act states that any permit issued at the state level requires equal coordination for Nebraska-listed Threatened and Endangered Species and Critical Habitat. Any issuance of a Section 401 Water Quality Certification will therefore require coordinating with the NGPC for state-listed threatened and endangered and/or critical habitat.

Sole source review for any state-issued permit related to surface and groundwater needing hydrostatic testing must also comply with the Natural Resource District's (NRD) Groundwater Management Plan. Under any specific NRD groundwater management plan, wellhead protection areas are established to protect community drinking water. Construction impacts to wellhead protection areas require approval from the local

community public utilities superintendent. Table 1 below identifies the ongoing permits and regulatory compliance.

FEDERAL, STATE, AND LOCAL REGULATORY AGENCIES COORDINATION

TABLE 1			
JURISDICTION/AGENCY	PERMIT-AUTHORIZATION-CLEARANCES	CONTACT	CORRESPONDENCE DATES
Federal			
U.S. Corps of Engineers (COE), Nebraska Regulatory District	Jurisdictional Waters and Section 404 Permit – Guidance Letter Received and coordination ongoing	John Moeschon & Barb Friskopp	6/18/07, 7/27/07, 12/6/07
Fish & Wildlife Service (FWS), Mountain Prairie Region, Nebraska Field Office	Endangered Species Act – Guidance Letter Received and coordination ongoing	John Cochran	8/28/07, 12/10/07
Environmental Protection Agency (EPA), Region 7, Kansas City	Consultation related to Hazardous Waste and Jurisdictional Waters – Planning Information Received and coordination ongoing	Joe Cothorn & Eliodora Chamberlain	6/15/07, 7/9/07
U.S Department of Agriculture, Nebraska Natural Resource Conservation Service Nebraska	Farmland Protection Policy Act – Clearance Received	Steve Chick	7/2/07
Federal Highway Administration	Crossing Permit. – Application to be filed as necessary prior to construction	Edward Kosola	
U.S. Department of Interior, Bureau of Reclamation, Great Plains Region	Right-of-Way Grant and Temporary Use Permit- Clearance Received	Stephen F. Ronshaugen	7/11/07
State			
Nebraska State Historical Preservation Office (SHPO)	Consultation under Section 106 of the NHPA – Guidance Received and coordination ongoing. Clearance Letter Received for Grand Island to Aurora Service Line.	Terry Steinacher & Bob Puschendorf	7/23/07, 12/22/07
Nebraska Department of Roads (NDOR)	Encroachment/Road Crossing Permit- Application to be filed as necessary prior to construction		
	State Highway Permits – 9 total to be filed as necessary prior to construction		
	Interstate 80 Permit – 1 total to be filed as necessary prior to construction		
Nebraska Department of Environmental Quality (NDEQ)	NDEQ Project coordination for all department regulations. Pre-project meeting conducted with all department heads on August 3 rd , 2007	Hugh Stirts	7/31/07
	NPDES General Permit for storm water discharge associated with construction to be filed as necessary prior to construction	Ron Asch	
	Section 401 Water Quality Certification- Coordination ongoing and will be filed with Section 404 permits	Terry Hickman	
	Construction Air Permit to be filed as necessary prior to construction filed as necessary prior to construction	Clark Smith	
	Open Burning Permit filed as necessary prior to construction	Donna Zach	
	Integrated Solid Waste Management Regulations filed as necessary prior to construction	Jim Harford	
	Substitute Water Supply Plan (hydrostatic test water supply) to be filed as necessary prior to construction.	Donna Garden	

TABLE 1			
JURISDICTION/AGENCY	PERMIT-AUTHORIZATION-CLEARANCES	CONTACT	CORRESPONDENCE DATES
Nebraska Department of Environmental Quality (NDEQ) (cont.)	Industrial Wastewater Discharge Permit (NPDES) for hydrostatic test water supply to be filed as necessary prior to construction	Donna Garden	
Native American Consultation	American Indian Graves Act. – No responses received, coordination ongoing with NSHPO		
Nebraska Department of Natural Resources	Nebraska Surface Water, Groundwater Law Compliance and Floodplain Construction Permit- Guidance Received and coordination ongoing	Steve McMaster	
Nebraska Game and Parks Commission	Nebraska Nongame and Endangered Species Conservation Act – Guidance Letter Received and coordination ongoing Natural Heritage Program Review	Carey Grell Kristal Stoner	10/28/07, 1/8/08
Nebraska State Fire Marshall	Construction Plans Approval to be filed as necessary prior to construction		
Upper Big Blue Natural Resource District	Included in project planning – requested to be kept informed	Jay Bitner	
Lower Platte North Natural Resource District	Included in project planning – requested to be kept informed.	John R. Miyoshi	6/20/07
Local			
Clay County	County permit allowing construction across county road to be filed as necessary prior to construction		
	County floodplain construction permits to be filed as necessary prior to construction		
Hamilton County	County permit allowing construction across county road to be filed as necessary prior to construction		
	County floodplain construction permits to be filed as necessary prior to construction		
York County	County permit allowing construction across county road to be filed as necessary prior to construction		
	County floodplain construction permits to be filed as necessary prior to construction		
Polk County	County permit allowing construction across county road to be filed as necessary prior to construction		
	County floodplain construction permits to be filed as necessary prior to construction		
Butler County	County permit allowing construction across county road to be filed as necessary prior to construction		
	County floodplain construction permits to be filed as necessary prior to construction		
Colfax County	County permit allowing construction across county road to be filed as necessary prior to construction		
	County floodplain construction permits to be filed as necessary prior to construction		
Aurora, NE	Notification of pipeline crossing within the Wellhead Protection Area. Permit not required.	Eric Melcher, Sewer/Water Commissioner, City of Aurora, 905 13 th Street, 68818-2409	
David City, NE	Notification of pipeline crossing within the Wellhead Protection Area. Permit not required.	Jim Kruse, Water Superintendent, City of David City, 557 4 th Street, 68632	
Gresham, NE	Notification of pipeline crossing within the Wellhead Protection Area. Permit not required.	Tina Courter, Clerk/Treasurer, City of Gresham, 310 Elm Street, 68367-0164	

TABLE 1			
JURISDICTION/AGENCY	PERMIT-AUTHORIZATION-CLEARANCES	CONTACT	CORRESPONDENCE DATES
Rising City, NE	Notification of pipeline crossing within the Wellhead Protection Area. Permit not required.	Robert Parsley, Chairman of Utility Board and Thomas McCracken, Utility Superintendent, City of Rising City, 400 Main Street, 68658	
Schylar, NE	Notification of pipeline crossing within the Wellhead Protection Area. Permit not required.	Jim McGowen, Utility Superintendent, City of Schylar, 124 E 11 th Street,	
Shelby, NE	Notification of pipeline crossing within the Wellhead Protection Area. Permit not required.	Rodney Hopwood, Water Superintendent, City of Shelby, 230 Walnut Street, 68662-0247	
York, NE	Notification of pipeline crossing within the Wellhead Protection Area. Permit not required.	Orville Davidson, Director of Public Works, City of York, 100 East 4th Street, 68467	
Private			
Burlington Northern Railroad	Crossing Permit - 4 total to be filed as necessary prior to construction		11/1/07
Nebraska Central Railroad	Crossing Permit - 1 total to be filed as necessary prior to construction		11/1/07

Appendix A

Figure 1 - Major Route Alternatives Map

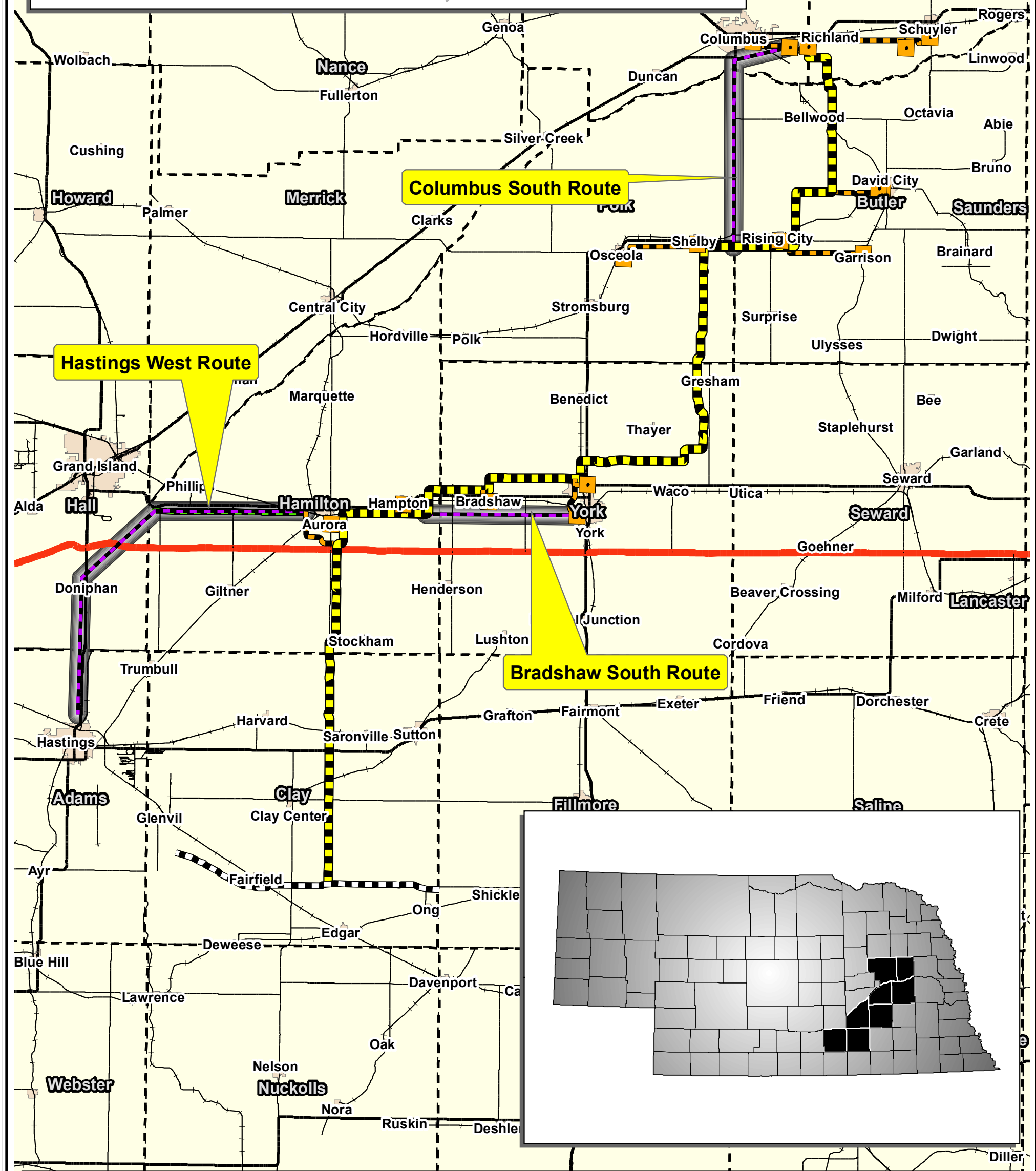
Figure 2 - Route Variations Map

Figure 3 – Bio-Fuel Lateral Pipelines

Figure 1

Proposed Pipeline: Major Route Alternatives

December 10, 2007



Proposed Pipeline

- Trunk
- Spur
- Trailblazer
- Alternatives
- KMIGT Lateral

- Town Border Station
- Railroads
- City Boundaries
- Counties

- Limited Access
- Primary Highway
- Secondary Highway

0 8 16 Miles



PROJECTION: Nebraska State Plane (Feet) SOURCE: Town Border Stations - Aquila; Roads, Railroads, Streams, Counties, Cities - 2005 TIGER Files;

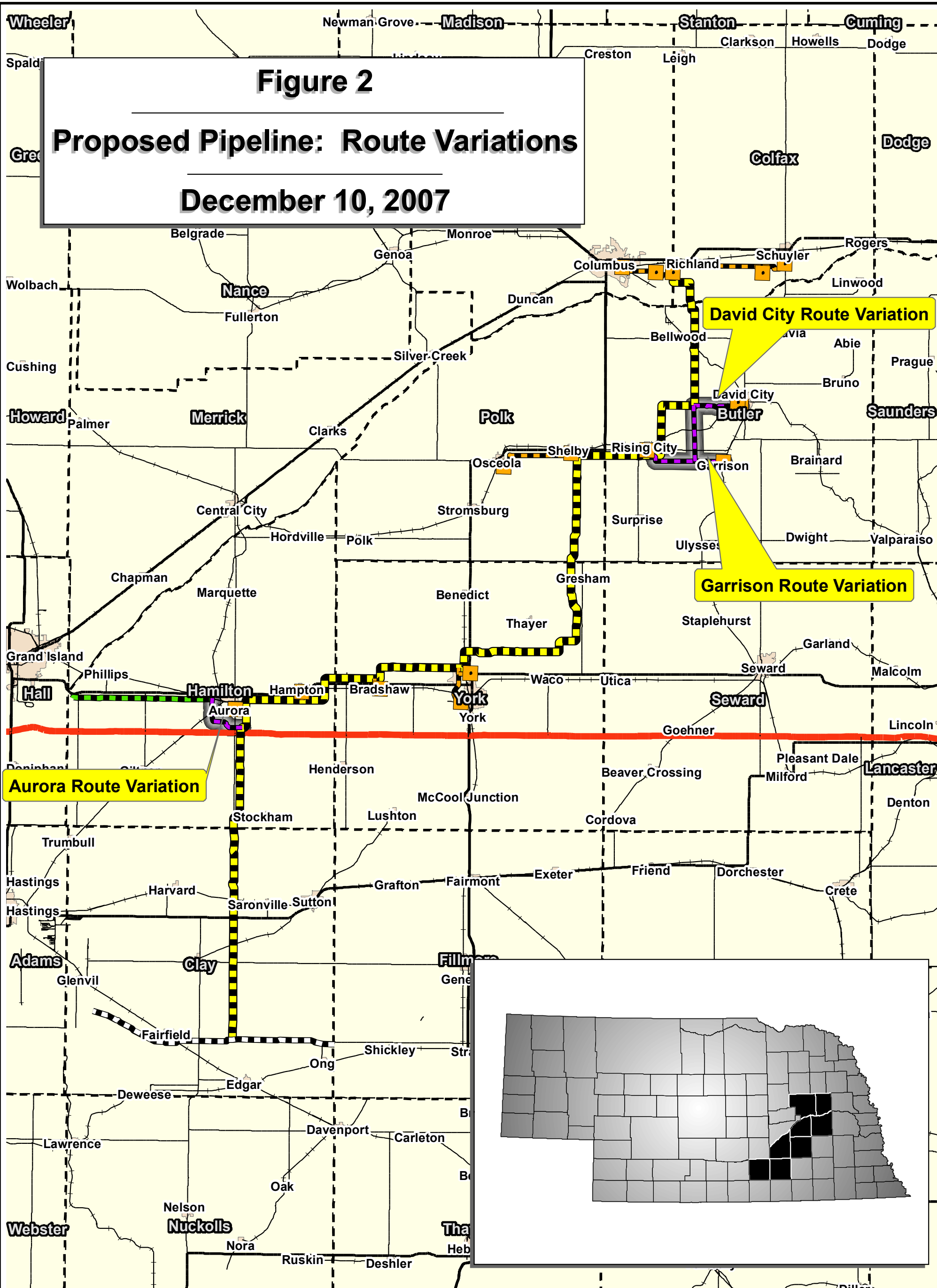
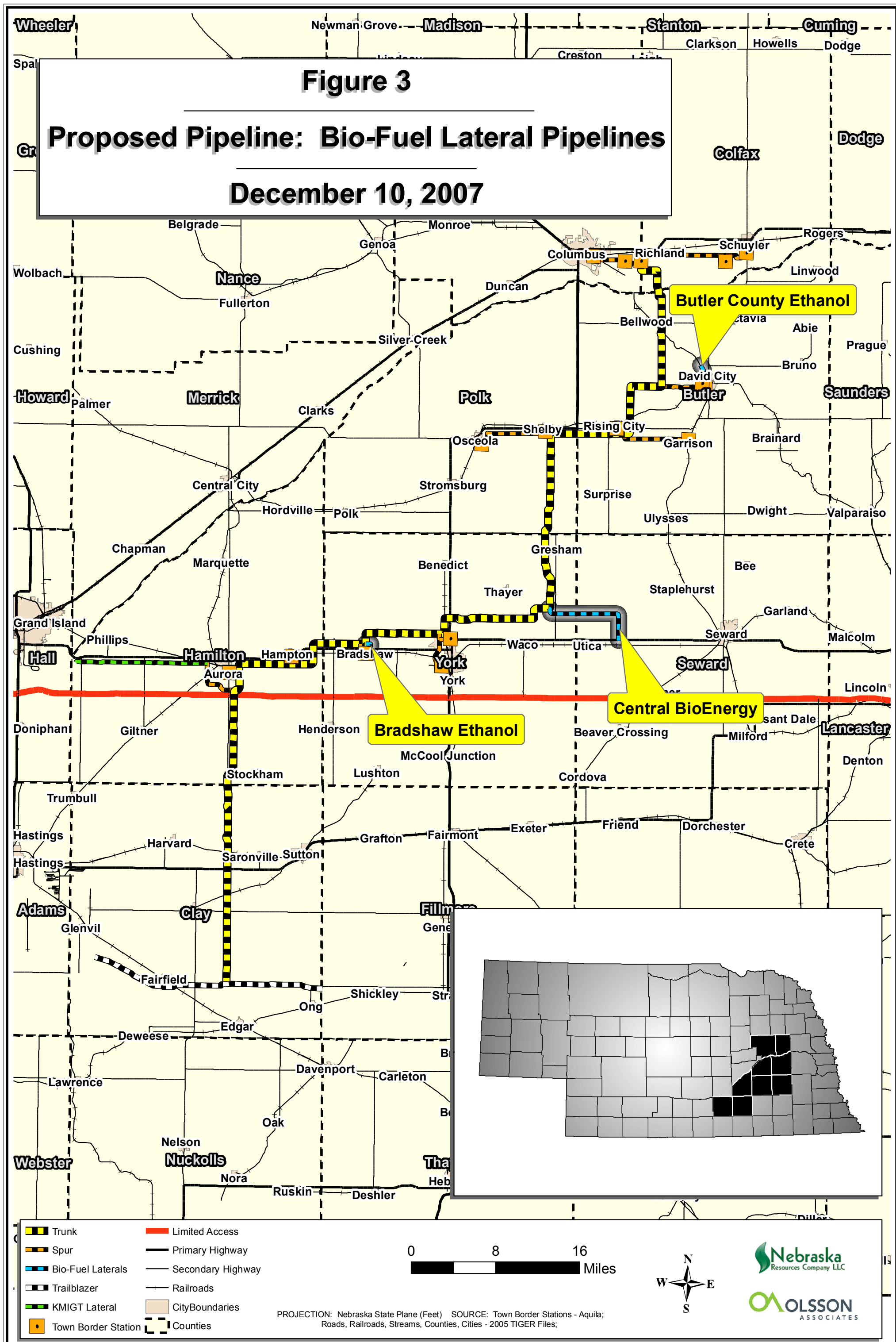


Figure 3

Proposed Pipeline: Bio-Fuel Lateral Pipelines

December 10, 2007



Appendix B
**NRC Wetland and Waterbody Construction and Mitigation
Procedures**

NEBRASKA RESOURCES PIPELINE PROJECT

Nebraska Resources Company LLC

Prepared for:
Nebraska Public Service Commission

Prepared by:
Olsson Associates
1111 Lincoln Mall
Lincoln, NE 68508

January 2008

Olsson Project # 007-0578

Wetland and Waterbody Construction and Mitigation Procedures

TABLE OF CONTENTS

I. APPLICABILITY	1
II. PERTINENT INFORMATION	1
III. ENVIRONMENTAL INSPECTORS	2
IV. PRECONSTRUCTION PLANNING	2
V. WATERBODY CROSSINGS	3
A. NOTIFICATION PROCEDURES AND PERMITS	3
B. INSTALLATION	3
1. Time Window for Construction	3
2. Extra Work Areas	4
3. General Crossing Procedures	4
4. Spoil Pile Placement and Control	4
5. Equipment Bridges	5
6. Dry-Ditch Crossing Methods	5
7. Crossings of Minor Waterbodies	7
8. Crossings of Intermediate Waterbodies	7
9. Crossings of Major Waterbodies	7
10. Temporary Erosion and Sediment Control	8
11. Trench Dewatering	8
C. RESTORATION	8
D. POST-CONSTRUCTION MAINTENANCE	9
VI. WETLAND CROSSINGS	9
A. GENERAL	9
B. INSTALLATION	10
1. Extra Work Areas and Access Roads	10
2. Crossing Procedures	11
3. Temporary Sediment Control	12
4. Trench Dewatering	12
C. RESTORATION	12
D. POST-CONSTRUCTION MAINTENANCE	13
VII. HYDROSTATIC TESTING	14
A. NOTIFICATION PROCEDURES AND PERMITS	14
B. GENERAL	14
C. INTAKE SOURCE AND RATE	14
D. DISCHARGE LOCATION, METHOD, AND RATE	14

WETLAND AND WATERBODY CONSTRUCTION AND MITIGATION PROCEDURES (PROCEDURES)

I. APPLICABILITY

A. The intent of these Procedures is to identify baseline mitigation measures minimizing the extent and duration of NRC Project-related disturbance on wetlands and waterbodies.

Project-related impacts on upland and agricultural areas are addressed in the Upland Erosion Control, Revegetation, and Maintenance Plan (Upland Plan).

B. DEFINITIONS

1. "Waterbody" includes any natural or artificial stream, river, or drainage with perceptible flow at the time of crossing, and other permanent waterbodies such as ponds and lakes:

a) "minor waterbody" includes all waterbodies less than or equal to 10 feet wide at the water's edge at the time of construction;

b) "intermediate waterbody" includes all waterbodies greater than 10 feet wide but less than or equal to 100 feet wide at the water's edge at the time of construction; and

c) "major waterbody" includes all waterbodies greater than 100 feet wide at the water's edge at the time of construction.

2. "Wetland" includes any area that is not in actively cultivated or rotated cropland and that satisfies the requirements of the current Federal methodology for identifying and delineating wetlands.

II. PERTINENT INFORMATION

A. The following pertinent information will be included in the Final NRC ER:

1. a Hydrostatic Testing Plan
2. a wetland delineation report

B. The following site-specific construction plans will also be filed with the PSC prior to construction.

1. plans for extra work areas that would be closer than 50 feet from a waterbody or wetland;
2. plans for major waterbody crossings;
3. plans for the use of a construction right-of-way greater than 75 feet wide in wetlands; and
4. plans for horizontal directional drill (HDD) "crossings" of wetlands or waterbodies.

III. ENVIRONMENTAL INSPECTORS

A. Environmental Inspectors having knowledge of the wetland and waterbody conditions in the Project area will be assigned to the project. The number and experience of Environmental Inspectors assigned to the Project will be sufficient to visit each construction spread weekly to ensure environmental permit compliance and adherence to Upland Erosion Control, Revegetation, and Maintenance Plan and Wetland and Waterbody Construction Procedures (Plan/Procedures).

B. The Environmental Inspector's responsibilities are outlined in the NRC Upland Erosion Control, Revegetation, and Maintenance Plan (Upland Plan).

IV. PRECONSTRUCTION PLANNING

A. A copy of the Stormwater Pollution Prevention Plan (SWPPP) prepared for compliance with the U.S. Environmental Protection Agency's (EPA) National Stormwater Program General Permit requirements will be available in the field on each construction spread. The SWPPP will contain Spill Prevention and Response Procedures that meet the requirements of state and Federal agencies.¹

1. NRC and its contractors will structure their operations in a manner that reduces the risk of spills or the accidental exposure of fuels or hazardous materials to waterbodies or wetlands. NRC and its contractors will, at a minimum, ensure that:

- a) all employees handling fuels and other hazardous materials are properly trained;
- b) all equipment is in good operating order and inspected on a regular basis;
- c) fuel trucks transporting fuel to on-site equipment travel only on approved access roads;
- d) all equipment is parked overnight and/or fueled at least 100 feet from a waterbody or in an upland area at least 100 feet from a wetland boundary. These activities can occur closer only if the Environmental Inspector finds, in advance, that no reasonable alternative exists and that NRC and its contractors have taken appropriate steps (including secondary containment structures) to prevent spills and provide for prompt cleanup in the event of a spill;
- e) hazardous materials, including chemicals, fuels, and lubricating oils, are not stored within 100 feet of a wetland, waterbody, or designated municipal watershed area, unless the location is designated for such use by an appropriate governmental authority. This requirement applies to storage of these materials and does not apply to normal operation or use of equipment in these areas; and

¹ NRC Stormwater Pollution Prevention Plan is more comprehensive than the NRC Procedures and permitted subject to civil and/or criminal penalties under the Clean Water Act. The NRC SWPPP conditions will take precedence over any contradictory condition of this Procedure.

f) concrete coating activities are not performed within 100 feet of a wetland or waterbody boundary, unless the location is an existing industrial site designated for such use.

2. NRC and its contractors will structure their operations in a manner that provides for the prompt and effective cleanup of spills of fuel and other hazardous materials. At a minimum, NRC and its contractors will:

a) ensure that each construction crew (including cleanup crews) has on hand sufficient supplies of absorbent and barrier materials to allow the rapid containment and recovery of spilled materials and knows the procedure for reporting spills;

b) ensure that each construction crew has on hand sufficient tools and material to stop leaks; know the contact names and telephone numbers for all local, state, and Federal agencies that must be notified of a spill; and follow the requirements of those agencies in cleaning up the spill, in excavating and disposing of soils or other materials contaminated by a spill, and in collecting and disposing of waste generated during spill cleanup.

B. AGENCY COORDINATION

1. NRC will coordinate with the appropriate local, state, and federal agencies as outlined in these Procedures.

V. WATERBODY CROSSINGS

A. NOTIFICATION PROCEDURES AND PERMITS

1. Apply to the U.S. Army Corps of Engineers (COE), or its delegated agency, for the appropriate wetland and waterbody crossing permits.

2. Provide written notification to authorities responsible for potable surface water supply intakes located within 3 miles downstream of the crossing at least 1 week before beginning work in the waterbody, or as otherwise specified by that authority.

3. Obtain a non-degradation letter from the NDEQ for impacts to waters of the State.

4. Notify appropriate state authorities at least 48 hours before beginning trenching within the waterbody, or as specified in state permits.

B. INSTALLATION

1. Time Window for Construction. Unless expressly permitted or further restricted by the appropriate state agency in writing on a site-specific basis, instream work, except that required to install or remove equipment bridges, will occur during the following time windows:

a) Warmwater² fisheries – May 1 through November 30.

2. Extra Work Areas.

a) NRC will locate all extra work areas (such as staging areas and additional spoil storage areas) at least 50 feet away from water's edge, except where the adjacent upland consists of actively cultivated or rotated cropland or other disturbed land.

b) NRC will file with the NPSC a site-specific construction plan for each extra work area with a less than 50-foot setback from the water's edge, (except where the adjacent upland consists of actively cultivated or rotated cropland or other disturbed land) and a site-specific explanation of the conditions that will not permit a 50-foot setback.

c) NRC will limit clearing of vegetation between extra work areas and the edge of the waterbody to the construction right-of-way.

d) NRC will limit the size of extra work areas to the minimum needed to construct the waterbody crossing.

3. General Crossing Procedures.

a) Comply with the COE, or its delegated agency, permit terms and conditions.

b) Construct crossings as close to perpendicular to the axis of the waterbody channel as engineering and routing conditions permit.

c) If the pipeline parallels a waterbody, attempt to maintain at least 15 feet of undisturbed vegetation between the waterbody (and any adjacent wetland) and the construction right-of-way.

d) Where waterbodies meander or have multiple channels, route the pipeline to minimize the number of waterbody crossings.

e) Maintain adequate flow rates to protect aquatic life, and prevent the interruption of existing downstream uses.

f) Waterbody buffers (extra work area setbacks, refueling restrictions, etc.) must be clearly marked in the field with signs and/or highly visible flagging until construction-related ground-disturbing activities are complete.

4. Spoil Pile Placement and Control.

a) All spoil from minor and intermediate waterbody crossings, and upland spoil from major waterbody crossings, must be placed in the construction right-of-way at least 10 feet from the water's edge or in additional extra work areas.

²

No cool or coldwater fisheries have been identified along the project route.

- b) Use sediment barriers to prevent the flow of spoil or heavily silt-laden water into any waterbody.

5. Equipment Bridges.

- a) Only clearing equipment and equipment necessary for installation of equipment bridges may cross waterbodies prior to bridge installation. NRC will limit the number of such crossings of each waterbody to one per piece of clearing equipment.
- b) Construct equipment bridges to maintain unrestricted flow and to prevent soil from entering the waterbody. Examples of such bridges include:
 - (1) equipment pads and culvert(s);
 - (2) equipment pads or railroad car bridges without culverts;
 - (3) clean rock fill and culvert(s); and
 - (4) flexi-float or portable bridges.
- c) Additional options for equipment bridges may be utilized that achieve the performance objectives noted above. NRC will not use soil to construct or stabilize equipment bridges.
- d) Design and maintain each equipment bridge to withstand and pass the highest flow expected to occur while the bridge is in place. Align culverts to prevent bank erosion or streambed scour. If necessary, install energy dissipating devices downstream of the culverts.
- e) Design and maintain equipment bridges to prevent soil from entering the waterbody.
- f) Remove equipment bridges as soon as possible after permanent seeding unless the COE, or its delegated agency, authorizes it as a permanent bridge.
- g) If there will be more than 1 month between final cleanup and the beginning of permanent seeding and reasonable alternative access to the right-of-way is available, remove equipment bridges as soon as possible after final cleanup.

6. Dry-Ditch Crossing Methods.

- a) Unless approved otherwise by the appropriate state agency, install the pipeline using one of the dry-ditch methods outlined below for crossings of waterbodies up to 30 feet wide (at the water's edge at the time of construction) that are state-designated as warmwater fisheries.
- b) Dam and Pump
 - (1) The dam-and-pump method may be used without prior approval for crossings of waterbodies where pumps can

adequately transfer streamflow volumes around the work area, and there are no concerns about sensitive species passage.

(2) Implementation of the dam-and-pump crossing method must meet the following performance criteria:

(a) use sufficient pumps, including on-site backup pumps, to maintain downstream flows;

(b) construct dams with materials that prevent sediment and other pollutants from entering the waterbody (e.g., sandbags or clean gravel with plastic liner);

(c) screen pump intakes;

(d) prevent streambed scour at pump discharge; and

(e) monitor the dam and pumps to ensure proper operation throughout the waterbody crossing.

c) Flume Crossing

The flume crossing method requires implementation of the following steps:

(1) install flume pipe before any trenching;

(2) use sand bag or sand bag and plastic sheeting diversion structure or equivalent to develop an effective seal and to divert stream flow through the flume pipe (some modifications to the stream bottom may be required in to achieve an effective seal);

(3) properly align flume pipe(s) to prevent bank erosion and streambed scour;

(4) do not remove flume pipe during trenching, pipe laying, or backfilling activities, or initial streambed restoration efforts; and

(5) remove all flume pipes and dams that are not also part of the equipment bridge as soon as final cleanup of the stream bed and bank is complete.

d) Horizontal Directional Drill (HDD)

For each waterbody or wetland that would be crossed using the HDD method, develop a plan that includes:

(1) site-specific construction diagrams that show the location of mud pits, pipe assembly areas, and all areas to be disturbed or cleared for construction;

(2) a description of how an inadvertent release of drilling mud would be contained and cleaned up; and

(3) a contingency plan for crossing the waterbody or wetland in the event the directional drill is unsuccessful and how the abandoned drill hole would be sealed, if necessary.

7. Crossings of Minor Waterbodies.

Where a dry-ditch crossing is not required, minor waterbodies may be crossed using the open-cut crossing method, with the following restrictions:

- a) except for blasting and other rock breaking measures, complete instream construction activities (including trenching, pipe installation, backfill, and restoration of the streambed contours) within 24 hours. Stream banks and unconsolidated streambeds may require additional restoration after this period;
- b) limit use of equipment operating in the waterbody to that needed to construct the crossing; and
- c) equipment bridges are not required at minor waterbodies that do not have a state-designated fishery classification (*e.g.*, agricultural or intermittent drainage ditches). However, if an equipment bridge is used it must be constructed as described in section V.B.5.

Where feasible, pipe segments may be welded together and temporarily strung above and across the waterbody feature until the pipeline is installed. Pipeline shall be placed in a manner that will not obstruct the highest expected flows of the stream. Stream bed and bank restoration will occur within the 24-hour time limit as described above unless site specific conditions prevent doing so.

8. Crossings of Intermediate Waterbodies.

Where a dry-ditch crossing is not required, intermediate waterbodies may be crossed using the open-cut crossing method, with the following restrictions:

- a) complete instream construction activities (not including blasting and other rock breaking measures) within 48 hours, unless site-specific conditions make completion within 48 hours infeasible;
- b) limit use of equipment operating in the waterbody to that needed to construct the crossing; and
- c) all other construction equipment must cross on an equipment bridge as specified in section V.B.5.

Where feasible, pipe segments may be welded together and temporarily strung above and across the waterbody feature until the pipeline is installed. Pipeline shall be placed in a manner that will not obstruct the highest expected flows of the stream. Stream bed and bank restoration will occur within the 48-hour time limit as described above unless site specific conditions prevent doing so.

9. Crossings of Major Waterbodies.

Before construction, NRC will file with the PSC a detailed, site-specific construction plan and scale drawings identifying all areas to be disturbed by

construction for each major waterbody crossing. The plan will be developed in consultation with the appropriate state and federal agencies and will include extra work areas, spoil storage areas, sediment control structures, *etc.*, as well as mitigation for navigational issues.

The Environmental Inspector may adjust the final placement of the erosion and sediment control structures in the field to maximize effectiveness.

10. Temporary Erosion and Sediment Control.

Install sediment barriers (as defined in section IV.F.2.a. of the Plan) immediately after initial disturbance of the waterbody or adjacent upland. Sediment barriers will be properly maintained throughout construction and reinstalled as necessary (such as after backfilling of the trench) until replaced by permanent erosion controls or restoration of adjacent upland areas is complete. Temporary erosion and sediment control measures are addressed in more detail in the Upland Plan; however, the following specific measures must be implemented at stream crossings:

- a) install sediment barriers across the entire construction right-of-way at all waterbody crossings, where necessary to prevent the flow of sediments into the waterbody. Removable sediment barriers (or drivable berms) must be installed across the travel lane. These removable sediment barriers can be removed during the construction day, but must be re-installed after construction has stopped for the day and/or when heavy precipitation is imminent;
- b) where waterbodies are adjacent to the construction right-of-way, install sediment barriers along the edge of the construction right-of-way as necessary to contain spoil and sediment within the construction right-of-way; and
- c) use trench plugs at all waterbody crossings, as necessary, to prevent diversion of water into upland portions of the pipeline trench and to keep any accumulated trench water out of the waterbody.

11. Trench Dewatering.

Dewater the trench (either on or off the construction right-of-way) in a manner that does not cause erosion and does not result in heavily silt-laden water flowing into any waterbody. Remove the dewatering structures as soon as possible after the completion of dewatering activities.

C. RESTORATION

1. Use clean gravel or native cobbles for the upper 1 foot of trench backfill in all waterbodies that contain coldwater fisheries.
2. For open-cut crossings, stabilize waterbody banks and install temporary sediment barriers within 24 hours of completing instream construction activities. For dry-ditch crossings, complete streambed and bank stabilization before returning flow to the waterbody channel.

3. Return all waterbody banks to preconstruction contours or to a stable angle of repose as approved by the Environmental Inspector.
4. Application of riprap for bank stabilization must comply with COE permit terms and conditions.
5. Unless otherwise specified by state permit, limit the use of riprap to areas where flow conditions preclude effective vegetative stabilization techniques such as seeding and erosion control fabric.
6. Revegetate disturbed riparian areas with conservation grasses and legumes or native plant species, preferably woody species.
7. Install a permanent slope breaker across the construction right-of-way at the base of slopes greater than 5 percent that are less than 50 feet from the waterbody, or as needed to prevent sediment transport into the waterbody. In addition, install sediment barriers as outlined in the Plan. In some areas, with the approval of the Environmental Inspector, an earthen berm may be suitable as a sediment barrier adjacent to the waterbody.
8. Sections V.C.3. through V.C.6. above also apply to those perennial or intermittent streams not flowing at the time of construction.

D. POST-CONSTRUCTION MAINTENANCE

1. Limit vegetation maintenance adjacent to waterbodies to allow a riparian strip at least 25 feet wide, as measured from the waterbody's mean high water mark, to permanently revegetate with native plant species across the entire construction right-of-way. However, to facilitate periodic pipeline corrosion/leak surveys, a corridor centered on the pipeline and up to 10 feet wide will be maintained in a herbaceous state. In addition, trees that are located within 15 feet of the pipeline that are greater than 15 feet in height may be cut and removed from the permanent right-of-way.
2. Do not use herbicides or pesticides in or within 100 feet of a waterbody except as allowed by the appropriate land management or state agency.

VI. WETLAND CROSSINGS

A. GENERAL

1. NRC has conducted a wetland delineation using the current Federal methodology and prepared a wetland delineation report. This report identifies:
 - a) by milepost all wetlands that would be affected;
 - b) the National Wetlands Inventory (NWI) classification for each wetland;
 - c) the crossing length of each wetland in feet; and
 - d) the area of permanent and temporary disturbance that would occur in each wetland by NWI classification type.

The requirements outlined in this section do not apply to wetlands in actively cultivated or rotated cropland. Standard upland protective measures, including workspace and topsoiling requirements, apply to these agricultural wetlands.

2. Route the pipeline to avoid wetland areas to the maximum extent possible. If a wetland cannot be avoided or crossed by following an existing right-of-way, route the new pipeline in a manner that minimizes disturbance to wetlands.

3. Limit the width of the construction right-of-way to 75 feet or less. Right-of-way width may be increased where topographic conditions or soil limitations require that the construction right-of-way width within the boundaries of a federally delineated wetland be expanded beyond 75 feet. NRC has attempted to identify site-specific areas where existing soils lack adequate unconfined compressive strength that would result in excessively wide ditches and/or difficult to contain spoil piles.

4. Wetland boundaries and buffers must be clearly marked in the field with signs and/or highly visible flagging until construction-related ground-disturbing activities are complete.

5. Implement the measures of sections V. and VI. in the event a waterbody crossing is located within or adjacent to a wetland crossing. If all measures of sections V. and VI. cannot be met, NRC will develop a crossing plan that will address at a minimum:

- a) spoil control;
- b) equipment bridges;
- c) restoration of waterbody banks and wetland hydrology;
- d) timing of the waterbody crossing;
- e) method of crossing; and
- f) size and location of all extra work areas.

6. Do not locate aboveground facilities in any wetland, except where the location of such facilities outside of wetlands would prevent compliance with U.S. Department of Transportation regulations.

B. INSTALLATION

1. Extra Work Areas and Access Roads

a) Locate all extra work areas (such as staging areas and additional spoil storage areas) at least 50 feet away from wetland boundaries, except where the adjacent upland consists of actively cultivated or rotated cropland or other disturbed land.

b) NRC will develop a site-specific construction plan for each extra work area with a less than 50-foot setback from wetland boundaries (except where adjacent upland consists of actively cultivated or rotated cropland

or other disturbed land) and a site-specific explanation of the conditions that will not permit a 50-foot setback.

c) Limit clearing of vegetation between extra work areas and the edge of the wetland to the certificated construction right-of-way.

d) The construction right-of-way may be used for access when the wetland soil is firm enough to avoid rutting or the construction right-of-way has been appropriately stabilized to avoid rutting (e.g., with timber riprap, prefabricated equipment mats, or terra mats). In wetlands that cannot be appropriately stabilized, all construction equipment other than that needed to install the wetland crossing shall use access roads located in upland areas. Where access roads in upland areas do not provide reasonable access, limit all other construction equipment to one pass through the wetland using the construction right-of-way.

e) The only access roads, other than the construction right-of-way, that can be used in wetlands without approval, are those existing roads that can be used with no modification and no impact on the wetland.

2. Crossing Procedures

a) Comply with COE, or its delegated agency, permit terms and conditions.

b) Assemble the pipeline in an upland area unless the wetland is dry enough to adequately support skids and pipe.

c) Use "push-pull" or "float" techniques to place the pipe in the trench where water and other site conditions allow.

d) Minimize the length of time that topsoil is segregated and the trench is open.

e) Limit construction equipment operating in wetland areas to the extent that is needed to clear the construction right-of-way, dig the trench, fabricate and install the pipeline, backfill the trench, and restore the construction right-of-way.

f) Cut vegetation just above ground level, leaving existing root systems in place, and remove cut vegetation from the wetland for disposal.

g) Limit pulling of tree stumps and grading activities to directly over the trenchline. Do not grade or remove stumps or root systems from the rest of the construction right-of-way in wetlands unless the Chief Inspector and Environmental Inspector determine that safety-related construction constraints require grading or the removal of tree stumps from under the working side of the construction right-of-way.

h) Segregate the top 1 foot of topsoil from the area disturbed by trenching, except in areas where standing water is present or soils are saturated or frozen. Immediately after backfilling is complete, restore the segregated topsoil to its original location.

- i) Do not use rock, soil imported from outside the wetland, tree stumps, or brush riprap to support equipment on the construction right-of-way.
- j) If standing water or saturated soils are present, or if construction equipment causes ruts or mixing of the topsoil and subsoil in wetlands, use low-ground-weight construction equipment, or operate normal equipment on timber riprap, prefabricated equipment mats, or terra mats.
- k) Do not cut trees outside of the approved construction work area to obtain timber for riprap or equipment mats.
- l) Attempt to use no more than two layers of timber riprap to support equipment on the construction right-of-way.
- m) Remove all project-related material used to support equipment on the construction right-of-way upon completion of construction.

3. Temporary Sediment Control

Install sediment barriers (as defined in section IV.F.2.a. of the Upland Plan) immediately after initial disturbance of the wetland or adjacent upland. Sediment barriers must be properly maintained throughout construction and reinstalled as necessary (such as after backfilling of the trench). Except as noted below in section VI.B.3.c., maintain sediment barriers until replaced by permanent erosion controls or restoration of adjacent upland areas is complete. Temporary erosion and sediment control measures are addressed in more detail in the Upland Plan.

- a) Install sediment barriers across the entire construction right-of-way immediately upslope of the wetland boundary at all wetland crossings where necessary to prevent sediment flow into the wetland.
- b) Where wetlands are adjacent to the construction right-of-way and the right-of-way slopes toward the wetland, install sediment barriers along the edge of the construction right-of-way as necessary to prevent sediment flow into the wetland.
- c) Install sediment barriers along the edge of the construction right-of-way as necessary to contain spoil and sediment within the construction right-of-way through wetlands. Remove these sediment barriers during right-of-way cleanup.

4. Trench Dewatering

Dewater the trench (either on or off the construction right-of-way) in a manner that does not cause erosion and does not result in heavily silt-laden water flowing into any wetland. Remove the dewatering structures as soon as possible after the completion of dewatering activities.

C. RESTORATION

- 1. Where the pipeline trench may drain a wetland, construct trench breakers and/or seal the trench bottom as necessary to maintain the original wetland hydrology.

2. For each wetland crossed, install a trench breaker at the base of slopes near the boundary between the wetland and adjacent upland areas. Install a permanent slope breaker across the construction right-of-way at the base of slopes greater than 5 percent where the base of the slope is less than 50 feet from the wetland, or as needed to prevent sediment transport into the wetland. In addition, install sediment barriers as outlined in the Upland Plan. In some areas, with the approval of the Environmental Inspector, an earthen berm may be suitable as a sediment barrier adjacent to the wetland.
3. Do not use fertilizer, lime, or mulch unless required in writing by the appropriate land management or state agency.
4. Consult with the appropriate land management or state agency to develop a project-specific wetland restoration plan. The restoration plan should include measures for re-establishing herbaceous and/or woody species, controlling the invasion and spread of undesirable exotic species (*e.g.*, purple loosestrife and phragmites), and monitoring the success of the revegetation and weed control efforts.
5. Until a project-specific wetland restoration plan is developed and/or implemented, temporarily revegetate the construction right-of-way with annual ryegrass at a rate of 40 pounds/acre (unless standing water is present).
6. Ensure that all disturbed areas successfully revegetate with wetland herbaceous and/or woody plant species.
7. Remove temporary sediment barriers located at the boundary between wetland and adjacent upland areas after upland revegetation and stabilization of adjacent upland areas are judged to be successful as specified in section VII.A.5. of the Upland Plan.

D. POST-CONSTRUCTION MAINTENANCE

1. Do not conduct vegetation maintenance over the full width of the permanent right-of-way in wetlands. However, to facilitate periodic pipeline corrosion/leak surveys, a corridor centered on the pipeline and up to 10 feet wide may be maintained in a herbaceous state. In addition, trees within 15 feet of the pipeline that are greater than 15 feet in height may be selectively cut and removed from the permanent right-of-way.
2. Do not use herbicides or pesticides in or within 100 feet of a wetland, except as allowed by the appropriate land management agency or state agency.
3. Monitor and record the success of wetland revegetation annually for the first 3 years after construction or until wetland revegetation is successful.
4. Wetland revegetation shall be considered successful if the cover of herbaceous and/or woody species is at least 80 percent of the type, density, and distribution of the vegetation in adjacent wetland areas that were not disturbed by construction. If revegetation is not successful at the end of 3 years, develop and implement (in consultation with a professional wetland ecologist) a remedial revegetation plan to actively revegetate the wetland. Continue revegetation efforts until wetland revegetation is successful.

VII. HYDROSTATIC TESTING

A. NOTIFICATION PROCEDURES AND PERMITS

1. Apply for state-issued water withdrawal permits, as required.
2. Apply for National Pollutant Discharge Elimination System (NPDES) or state-issued discharge permits, as required.
3. Notify appropriate state agencies of intent to use specific sources at least 48 hours before testing activities unless they waive this requirement in writing.

B. GENERAL

1. Perform 100 percent radiographic inspection of all pipeline section welds or hydrotest the pipeline sections, before installation under waterbodies or wetlands.
2. If pumps used for hydrostatic testing are within 100 feet of any waterbody or wetland, address the operation and refueling of these pumps in the project's Spill Prevention and Response Procedures.
3. Identify the location of all waterbodies proposed for use as a hydrostatic test water source or discharge location.

C. INTAKE SOURCE AND RATE

1. Screen the intake hose to prevent entrainment of fish.
2. Do not use state-designated exceptional value waters, waterbodies which provide habitat for federally listed threatened or endangered species, or waterbodies designated as public water supplies, unless appropriate federal, state, and/or local permitting agencies grant written permission.
3. Maintain adequate flow rates to protect aquatic life, provide for all waterbody uses, and provide for downstream withdrawals of water by existing users.
4. Locate hydrostatic test manifolds outside wetlands and riparian areas to the maximum extent practicable.

D. DISCHARGE LOCATION, METHOD, AND RATE

1. Regulate discharge rate, use energy dissipation device(s), and install sediment barriers, as necessary, to prevent erosion, streambed scour, suspension of sediments, or excessive streamflow.
2. Do not discharge into state-designated exceptional value waters, waterbodies which provide habitat for federally listed threatened or endangered species, or waterbodies designated as public water supplies, unless appropriate federal, state, and local permitting agencies grant written permission.

Appendix C
**NRC Upland Erosion Control, Revegetation, and
Maintenance Plan**

NEBRASKA RESOURCES PIPELINE PROJECT

Nebraska Resources Company LLC

Prepared for:
Nebraska Public Service Commission

Prepared by:
Olsson Associates
1111 Lincoln Mall
Lincoln, NE 68508

January 2008

Olsson Project # 007-0578

NRC Upland Erosion Control, Revegetation, and Maintenance Plan

TABLE OF CONTENTS

I. APPLICABILITY	1
II. SUPERVISION AND INSPECTION	1
A. Environmental Inspection	1
B. Responsibilities of Environmental Inspectors.....	1
III. PRECONSTRUCTION PLANNING	3
A. Construction Work Areas	3
B. Drain Tile and Irrigation Systems	3
C. Grazing Deferment.....	3
D. Road Crossings and Access Points	3
E. Disposal Planning	3
F. Agency Coordination.....	3
G. Stormwater Pollution Prevention Plan.....	4
IV. INSTALLATION	4
A. Approved Areas of Disturbance	4
B. Topsoil Segregation	4
C. Drain Tiles	5
D. Irrigation	5
E. Road Crossings and Access Points	5
F. Temporary Erosion Control	5
1. Temporary Slope Breakers	6
2. Sediment Barriers.....	6
3. Mulch.....	6
V. RESTORATION	7
A. Cleanup.....	7
B. Permanent Erosion Control Devices	8
1. Trench Breakers.....	8
2. Permanent Slope Breakers	8
C. Soil Compact Mitigation	9
D. Revegetation	9
1. General.....	9
2. Soil Additives.....	10
3. Seeding Requirements.....	10
VI. OFF-ROAD VEHICLE CONTROL	11
VII. POST-CONSTRUCTION ACTIVITIES.....	11
A. Monitoring and Maintenance.....	11
B. Reporting.....	12

I. APPLICABILITY

- A. The intent of this Plan is to identify baseline mitigation measures for minimizing erosion and enhancing revegetation. Any individual measures in this Plan that are technically infeasible or unsuitable due to local conditions would be replaced by alternative measures designed to achieve a comparable level of mitigation, meaning that they:
1. provide equal or better environmental protection;
 2. are necessary because a portion of this Plan is infeasible or unworkable based on project-specific conditions; or
 3. are specifically required in writing by another Federal, state, or Native American land management agency for the portion of the project on its land or under its jurisdiction.

Project-related impacts on wetland and waterbody systems are addressed in the NRC Wetland and Waterbody Construction and Mitigation Procedures (Procedures).

II. SUPERVISION AND INSPECTION

A. Environmental Inspection

1. Environmental Inspection will be conducted during construction and restoration (as defined by section V). The number and experience of Environmental Inspectors assigned to the project will be sufficient to visit each construction spread weekly to ensure environmental permit compliance and adherence to Upland Erosion Control, Revegetation, and Maintenance Plan and Wetland and Waterbody Construction Procedures (Plan/Procedures).
2. Environmental Inspectors will have peer status with all other activity inspectors.
3. Environmental Inspectors will have the authority to stop activities that violate the environmental conditions of state and Federal environmental permit conditions or landowner requirements; and to coordinate appropriate corrective action.

B. Responsibilities of Environmental Inspectors

At a minimum, the Environmental Inspector(s) shall be responsible for:

1. Ensuring compliance with the requirements of this Plan, the Procedures, and other environmental permits and approvals, and environmental requirements in landowner easement agreements;
2. Identifying, documenting, and overseeing corrective actions, as necessary to bring an activity back into compliance;
3. Verifying that the limits of authorized construction work areas and locations of access roads are properly marked before clearing;

4. Verifying the location of signs and highly visible flagging marking the boundaries of sensitive resource areas, waterbodies, wetlands, or areas with special requirements along the construction work area;
5. Identifying erosion/sediment control and soil stabilization needs in all areas;
6. Ensuring that the location of dewatering structures and slope breakers will not direct water into known cultural resources sites or locations of sensitive species;
7. Verifying that trench dewatering activities do not result in the deposition of sand, silt, and/or sediment near the point of discharge into a wetland or waterbody. If such deposition is occurring, the dewatering activity shall be stopped and the design of the discharge shall be changed to prevent reoccurrence;
8. Ensuring that subsoil and topsoil are tested in agricultural and residential areas to measure compaction and determine the need for corrective action;
9. Advising the Chief Construction Inspector when conditions (such as wet weather) make it advisable to restrict construction activities to avoid excessive rutting;
10. Ensuring restoration of contours and topsoil;
11. Verifying that the soils imported for agricultural or residential use have been certified as free of noxious weeds and soil pests, unless otherwise approved by the landowner;
12. Determining the need for and ensuring that erosion controls are properly installed, as necessary to prevent sediment flow into wetlands, waterbodies, sensitive areas, and onto roads;
13. Inspecting and ensuring the maintenance of temporary erosion control measures at least:
 - a. on a weekly basis in areas of active construction or equipment operation;
 - b. on a monthly basis in areas with no construction or equipment operation; and
 - c. within 24 hours of each 0.5 inch of rainfall;
14. Ensuring the repair of all ineffective temporary erosion control measures within 24 hours of identification;
15. Keeping records of compliance with Federal or state environmental permits during active construction and restoration; and
16. Identifying areas that should be given special attention to ensure stabilization and restoration after the construction phase.

III. PRECONSTRUCTION PLANNING

NRC will do the following before construction:

A. Construction Work Areas

1. Identify all construction work areas (e.g., construction right-of-way, extra work space areas, pipe storage and contractor yards, borrow and disposal areas, access roads, etc.) that would be needed for safe construction and ensure that appropriate cultural resources and biological surveys have been conducted.
2. NRC will expand as necessary the required cultural resources and endangered species surveys in anticipation of the need for activities outside of certificated work areas.

B. Drain Tile and Irrigation Systems

1. Attempt to locate existing drain tiles and irrigation systems.
2. Contact landowners and local soil conservation authorities to determine the locations of future drain tiles that are likely to be installed within 3 years of the authorized construction.
3. Develop procedures for constructing through drain tiled areas, maintaining irrigation systems during construction, and repairing drain tiles and irrigation systems after construction.
4. Engage qualified drain tile specialists, as needed, to conduct or monitor repairs to drain tile systems affected by construction. Use drain tile specialists from the project area, if available.

C. Grazing Deferment

Develop grazing deferment plans with willing landowners, grazing permittees, and land management agencies to minimize grazing disturbance of revegetation efforts.

D. Road Crossings and Access Points

Plan for safe and accessible conditions at all roadway crossings and access points during construction and restoration.

E. Disposal Planning

Determine methods and locations for the disposal of construction debris (e.g., timber, slash, mats, garbage, drilling fluids, excess rock, etc.). Off-site disposal in other than commercially operated disposal locations is subject to compliance with all applicable survey, landowner permission, and mitigation requirements.

F. Agency Coordination

NRC will coordinate with the appropriate local, state, and Federal agencies as outlined in this Plan.

1. Obtain written recommendations from the local soil conservation authorities or land management agencies regarding permanent erosion control and revegetation specifications.
2. Develop specific procedures in coordination with the appropriate agency to prevent the introduction or spread of noxious weeds and soil pests resulting from construction and restoration activities.

G. Stormwater Pollution Prevention Plan

Make available on each construction spread the Stormwater Pollution Prevention Plan prepared for compliance with the U.S. Environmental Protection Agency's National Stormwater Program General Permit requirements.

IV. INSTALLATION

A. Approved Areas of Disturbance

1. Project-related ground-disturbance shall be limited to the construction right-of-way, extra work space areas, pipe storage yards, borrow and disposal areas, access roads, and other approved areas. Any project-related ground-disturbing activities outside these areas, except those needed to comply with the Plan and Procedures (e.g., slope breakers, energy-dissipating devices, dewatering structures, drain tile system repairs) will require prior environmental investigations. All construction or restoration activities are subject to all applicable survey and mitigation requirements.
2. The construction right-of-way width for a project shall not exceed 75 feet. However, in limited, nonwetland areas, this construction right-of-way width may be expanded by up to 25 feet to accommodate full construction right-of-way topsoil segregation and to ensure safe construction where topographic conditions (such as side-slopes) or soil limitations require it. Twenty-five feet of extra construction right-of-way width may also be used in limited, non-wetland or non-forested areas for truck turn-arounds where no reasonable alternative access exists.

Project use of these additional limited areas is subject to landowner approval and compliance with all applicable survey and mitigation requirements. When such additional areas are used, each one should be identified and the need explained in the weekly or biweekly construction reports including:

- a. the location of each additional area by station number and reference to a previously filed alignment sheet, or updated alignment sheets showing the additional areas;
- b. proof that the additional areas were previously surveyed; and a statement that landowner approval has been obtained and is available in project files.

B. Topsoil Segregation

1. Unless the landowner or land management agency specifically approves otherwise, prevent the mixing of topsoil with subsoil by stripping topsoil from

either the full work area or from the trench and subsoil storage area (ditch plus spoil side method) in:

- a. actively cultivated or rotated croplands and pastures;
 - b. residential areas;
 - c. hayfields;
 - d. and other areas at the landowner's or land managing agency's request.
2. In residential areas importation of topsoil is an acceptable alternative to topsoil segregation.
 3. In deep soils (more than 12 inches of topsoil), segregate at least 12 inches of topsoil. In soils with less than 12 inches of topsoil make every effort to segregate the entire topsoil layer.
 4. Where topsoil segregation is required, maintain separation of salvaged topsoil and subsoil throughout all construction activities.
 5. Segregated topsoil may not be used for padding the pipe.

C. Drain Tiles

1. Mark locations of drain tiles damaged during construction.
2. Probe all drainage tile systems within the area of disturbance to check for damage. Repair damaged drain tiles to their original or better condition. Do not use filter-covered drain tiles unless the local soil conservation authorities and the landowner agree. Use qualified specialists for testing and repairs.
3. For new pipelines in areas where drain tiles exist or are planned, ensure that the depth of cover over the pipeline is sufficient to avoid interference with drain tile systems. For adjacent pipeline loops in agricultural areas, install the new pipeline with at least the same depth of cover as the existing pipeline(s).

D. Irrigation

Maintain water flow in crop irrigation systems, unless shutoff is coordinated with affected parties.

E. Road Crossings and Access Points

1. Maintain safe and accessible conditions at all road crossings and access points during construction.
2. If crushed stone access pads are used in residential or active agricultural areas, place the stone on synthetic fabric to facilitate removal.

F. Temporary Erosion Control

Install temporary erosion controls immediately after initial disturbance of the soil. Temporary erosion controls must be properly maintained throughout construction (on a
007-0578

daily basis) and reinstalled as necessary (such as after backfilling of the trench) until replaced by permanent erosion controls or restoration is complete.

1. Temporary Slope Breakers

- a. Temporary slope breakers are intended to reduce runoff velocity and divert water off the construction right-of-way. Temporary slope breakers may be constructed of materials such as soil, silt fence, staked hay or straw bales, or sand bags.
- b. Install temporary slope breakers on all disturbed areas, as necessary to avoid excessive erosion. Temporary slope breakers must be installed on slopes greater than 5 percent where the base of the slope is less than 50 feet from waterbody, wetland, and road crossings at the following spacing (closer spacing should be used if necessary):

<u>Slope (%)</u>	<u>Spacing (feet)</u>
5 - 15	300
>15 - 30	200
>30	100

- c. Direct the outfall of each temporary slope breaker to a stable, well vegetated area or construct an energy-dissipating device at the end of the slope breaker and off the construction right-of-way.
- d. Position the outfall of each temporary slope breaker to prevent sediment discharge into wetlands, waterbodies, or other sensitive resources.

2. Sediment Barriers

- a. Sediment barriers are intended to stop the flow of sediments and to prevent the deposition of sediments into sensitive resources. Sediment barriers may be constructed of materials such as silt fence, staked hay or straw bales, compacted earth (e.g., drivable berms across travelways), sand bags, or other appropriate materials.
- b. At a minimum, install and maintain temporary sediment barriers across the entire construction right-of-way at the base of slopes greater than 5 percent where the base of the slope is less than 50 feet from a waterbody, wetland, or road crossing until revegetation is successful as defined in this Plan. Leave adequate room between the base of the slope and the sediment barrier to accommodate ponding of water and sediment deposition.
- c. Where wetlands or waterbodies are adjacent to and downslope of construction work areas, install sediment barriers along the edge of these areas, as necessary to prevent sediment flow into the wetland or waterbody.

3. Mulch

- a. Apply mulch on all slopes (except in actively cultivated cropland) concurrent with or immediately after seeding, where necessary to stabilize the soil surface and to reduce wind and water erosion. Spread mulch uniformly over the area to cover at least 75 percent of the ground

surface at a rate of 2 tons/acre of straw or its equivalent, unless the local soil conservation authority, landowner, or land managing agency approves otherwise in writing.

- b. Mulch can consist of weed-free straw or hay, wood fiber hydromulch, erosion control fabric, or some functional equivalent.
- c. Mulch before seeding if:
 - A. final grading and installation of permanent erosion control measures will not be completed in an area within 20 days after the trench in that area is backfilled (10 days in residential areas), as required in section V.A.1; or
 - B. construction or restoration activity is interrupted for extended periods, such as when seeding cannot be completed due to seeding period restrictions.
- d. If mulching before seeding, increase mulch application on all slopes within 100 feet of waterbodies and wetlands to a rate of 3 tons/acre of straw or equivalent.
- e. If wood chips are used as mulch, do not use more than 1 ton/acre and add the equivalent of 11 lbs/acre available nitrogen (at least 50 percent of which is slow release).
- f. Ensure that mulch is adequately anchored to minimize loss due to wind and water.
- g. When anchoring with liquid mulch binders, use rates recommended by the manufacturer. Do not use liquid mulch binders within 100 feet of wetlands or waterbodies.
- h. Install erosion control fabric on waterbody banks at the time of final bank recontouring. Anchor the erosion control fabric with staples or other appropriate devices.

V. RESTORATION

A. Cleanup

- 1. Commence cleanup operations immediately following backfill operations. Complete final grading, topsoil replacement, and installation of permanent erosion control structures within 20 days after backfilling the trench (10 days in residential areas). If seasonal or other weather conditions prevent compliance with these time frames, maintain temporary erosion controls (temporary slope breakers and sediment barriers) until conditions allow completion of cleanup.
- 2. A travel lane may be left open temporarily to allow access by construction traffic if the temporary erosion control structures are installed (as specified in section IV.F.) and inspected and maintained (as specified in sections II.B.12 through 14). When access is no longer required, the travel lane must be removed and the right-of-way restored.

3. Rock excavated from the trench may be used to backfill the trench only to the top of the existing bedrock profile. Rock that is not returned to the trench should be considered construction debris, unless approved for use as mulch or for some other use on the construction work areas by the landowner or land managing agency.
4. Remove excess rock from at least the top 12 inches of soil in all actively cultivated or rotated cropland and pastures, hayfields, and residential areas, as well as other areas at the landowner's request. The size, density, and distribution of rock on the construction work area should be similar to adjacent areas not disturbed by construction. The landowner may approve other provisions in writing.
5. Grade the construction right-of-way to restore preconstruction contours and leave the soil in the proper condition for planting.
6. Remove construction debris from all construction work areas unless the landowner or land managing agency approves otherwise.
7. Remove temporary sediment barriers when replaced by permanent erosion control measures or when revegetation is successful.

B. Permanent Erosion Control Devices

1. Trench Breakers

- a. Trench breakers are intended to slow the flow of subsurface water along the trench. Trench breakers may be constructed of materials such as sand bags or polyurethane foam. Do not use topsoil in trench breakers.
- b. An engineer or similarly qualified professional shall determine the need for and spacing of trench breakers. Otherwise, trench breakers shall be installed at the same spacing as and upslope of permanent slope breakers.
- c. In agricultural fields and residential areas where slope breakers are not typically required, install trench breakers at the same spacing as if permanent slope breakers were required.
- d. At a minimum, install a trench breaker at the base of slopes greater than 5 percent where the base of the slope is less than 50 feet from a waterbody or wetland and where needed to avoid draining a waterbody or wetland.

2. Permanent Slope Breakers

- a. Permanent slope breakers are intended to reduce runoff velocity, divert water off the construction right-of-way, and prevent sediment deposition into sensitive resources. Permanent slope breakers may be constructed of materials such as soil, sand bags, or some functional equivalent.

- b. Construct and maintain permanent slope breakers in all areas, except cultivated areas and lawns, using spacing recommendations obtained from the local soil conservation authority or land managing agency.

In the absence of written recommendations, use the following spacing unless closer spacing is necessary to avoid excessive erosion on the construction right-of-way:

<u>Slope (%)</u>	<u>Spacing (feet)</u>
5 - 15	300
>15 - 30	200
>30	100

- c. Construct slope breakers to divert surface flow to a stable area without causing water to pool or erode behind the breaker. In the absence of a stable area, construct appropriate energy-dissipating devices at the end of the breaker.
- d. Slope breakers may extend slightly (about 4 feet) beyond the edge of the construction right-of-way to effectively drain water off the disturbed area. Where slope breakers extend beyond the edge of the construction right-of-way, they are subject to compliance with all applicable survey requirements.

C. Soil Compaction Mitigation

1. Test topsoil and subsoil for compaction at regular intervals in agricultural and residential areas disturbed by construction activities. Conduct tests on the same soil type under similar moisture conditions in undisturbed areas to approximate preconstruction conditions. Use penetrometers or other appropriate devices to conduct tests.
2. Plow severely compacted agricultural areas with a paraplow or other deep tillage implement. In areas where topsoil has been segregated, plow the subsoil before replacing the segregated topsoil.

Alternatively, make arrangements with the landowner to plant and plow under a "green manure" crop, such as alfalfa, to decrease soil bulk density and improve soil structure. If subsequent construction and cleanup activities result in further compaction, conduct additional tilling.

3. Perform appropriate soil compaction mitigation in severely compacted residential areas.

D. Revegetation

1. General

- a. The project sponsor is responsible for ensuring successful revegetation of soils disturbed by project-related activities, except as noted in section V.D.1.b.
- b. Restore all turf, ornamental shrubs, and specialized landscaping in accordance with the landowner's request, or compensate the

landowner. Restoration work must be performed by personnel familiar with local horticultural and turf establishment practices.

2. Soil Additives

- a. Fertilize and add soil pH modifiers in accordance with written recommendations obtained from the local soil conservation authority, land management agencies, or landowner. Incorporate recommended soil pH modifier and fertilizer into the top 2 inches of soil as soon as possible after application.

3. Seeding Requirements

- a. Prepare a seedbed in disturbed areas to a depth of 3 to 4 inches using appropriate equipment to provide a firm seedbed. When hydroseeding, scarify the seedbed to facilitate lodging and germination of seed.
- b. Seed disturbed areas in accordance with written recommendations for seed mixes, rates, and dates obtained from the local soil conservation authority or as requested by the landowner or land management agency. Seeding is not required in actively cultivated croplands unless requested by the landowner.
- c. Perform seeding of permanent vegetation within the recommended seeding dates. If seeding cannot be done within those dates, use appropriate temporary erosion control measures discussed in section IV.F. and perform seeding of permanent vegetation at the beginning of the next recommended seeding season. Lawns may be seeded on a schedule established with the landowner.
- d. In the absence of written recommendations from the local soil conservation authorities, seed all disturbed soils within 6 working days of final grading, weather and soil conditions permitting, subject to the specifications in section V.D.3.a-c.
- e. Base seeding rates on Pure Live Seed. Use seed within 12 months of seed testing.
- f. Treat legume seed with an inoculant specific to the species using the manufacturer's recommended rate of inoculant appropriate for the seeding method (broadcast, drill, or hydro).
- g. In the absence of written recommendations from the local soil conservation authorities, landowner, or land managing agency to the contrary, a seed drill equipped with a cultipacker is preferred for seed application.
- h. Broadcast or hydroseeding can be used in lieu of drilling at double the recommended seeding rates. Where seed is broadcast, firm the seedbed with a cultipacker or imprinter after seeding. In rocky soils or where site conditions may limit the effectiveness of this equipment, other alternatives may be appropriate (e.g., use of a chain drag) to lightly cover seed after application, as approved by the Environmental Inspector.

VI. OFF-ROAD VEHICLE CONTROL

To each owner or manager of forested lands, offer to install and maintain measures to control unauthorized vehicle access to the right-of-way. These measures may include:

- A. Signs;
- B. Fences with locking gates;
- C. Slash and timber barriers, pipe barriers, or a line of boulders across the right-of-way;
and
- D. Conifers or other appropriate trees or shrubs across the right-of-way.

VII. POST-CONSTRUCTION ACTIVITIES

A. Monitoring and Maintenance

1. Conduct follow-up inspections of all disturbed areas after the first and second growing seasons to determine the success of revegetation.
2. Revegetation in non-agricultural areas shall be considered successful if upon visual survey the density and cover of non-nuisance vegetation are similar in density and cover to adjacent undisturbed lands. In agricultural areas, revegetation shall be considered successful if crop yields are similar to adjacent undisturbed portions of the same field.

Continue revegetation efforts until revegetation is successful.

3. Monitor and correct problems with drainage and irrigation systems resulting from pipeline construction in active agricultural areas until restoration is successful.
4. Restoration shall be considered successful if the right-of-way surface condition is similar to adjacent undisturbed lands, construction debris is removed (unless requested otherwise by the land owner or land managing agency), revegetation is successful, and proper drainage has been restored.
5. Routine vegetation maintenance clearing shall not be done more frequently than every 3 years. However, to facilitate periodic corrosion and leak surveys, a corridor not exceeding 10 feet in width centered on the pipeline may be maintained annually in a herbaceous state. In no case shall routine vegetation maintenance clearing occur between April 15 and August 1 of any year.
6. Efforts to control unauthorized off-road vehicle use, in cooperation with the landowner, shall continue throughout the life of the project. Maintain signs, gates, and vehicle trails as necessary.

B. Reporting

1. NRC shall maintain records that identify by milepost:
 - a. method of application, application rate, and type of fertilizer, pH modifying agent, seed, and mulch used;
 - b. acreage treated;
 - c. dates of backfilling and seeding;
 - d. names of landowners requesting special seeding treatment and a description of the follow-up actions; and
 - e. any problem areas and how they were addressed.
2. NRC shall maintain quarterly activity reports documenting problems, including those identified by the landowner, and corrective actions taken for at least 2 years following construction.

Appendix D
NRC Depth of Cover Plan

NEBRASKA RESOURCES PIPELINE PROJECT

Nebraska Resources Company LLC

Prepared for:
Nebraska Public Service Commission

Prepared by:
Olsson Associates
1111 Lincoln Mall
Lincoln, NE 68508

January 2008

Olsson Project # 007-0578

NRC Depth of Cover Plan

TABLE OF CONTENTS

I. APPLICABILITY	1
II. MONITORING	1
III. RESTORATION AND MITIGATION	1
IV. DEEPER DEPTH OF COVER EVALUATION	2
V. JUSTIFICATION WHERE ADDITIONAL DEPTH OF COVER REQUESTED BUT NOT PROVIDED	2

I. APPLICABILITY

- A. This plan is intended for use in actively cultivates areas.

II. MONITORING

NRC will implement the following measures to actively monitor depth of cover over the pipeline in agricultural areas:

- A. Upon commissioning, NRC will implement a surveillance plan which includes periodic aerial pipeline patrolling to inspect for excavation activities, ground movement, wash-outs, leakage, and/or other activities. Any observance of excavation activities, ground movement, wash-outs and/or other earth moving activities will cause the NRC operating group to initiate a corresponding depth survey in the respective area.
- B. Within one-year of installation of cathodic protection systems, a close interval survey (CIS) will be performed on the NRC pipeline which will cause NRC operations personnel and contractors to walk the right-of-way. Any signs of reduction or disturbance of ROW, aside from typical farming practices (e.g., planting, discing, harvesting, *etc.*), during this CIS will be followed up with a corresponding depth survey in the respective area.
- C. NRC will utilize an outreach program that includes landowner and tenant communication to address pipeline location, operations, maintenance, and emergency reporting. This outreach program will include an introduction to the local NRC representatives who need to be contacted regarding erosion or other maintenance issues.
- D. The landowner and tenant outreach program conducted by NRC is intended to facilitate ongoing company and landowner communications and education, including appropriate land use practices within the permanent easement during and after right-of-way restoration. While NRC only has limited control of landowner or tenant activities within the permanent easement, NRC will continue to provide communications on subjects including land use, easement monitoring and maintenance, and reporting.

III. RESTORATION AND MITIGATION

NRC will implement specific restoration and mitigation measures in active farming areas, as follows:

- A. Construction: As a practical matter, the depth of cover will be established from the working grade (*i.e.*, after topsoil segregation); therefore the depth of cover established during restoration in active agricultural areas will be in excess of 36-inches due to the additional depths realized when restoring previously segregated topsoil. Additional depths of cover may be realized at foreign line crossings such as utilities, drintile, or existing permanent erosion control structures (*i.e.*, terraces) due to extra line separation requirements between foreign lines.
- B. Post Construction: NRC will determine appropriate and specific mitigation measures for locations with depth of cover concerns based upon site specific conditions and in accordance with applicable regulatory requirements, including but not limited to re-contouring, importing soil and/or line lowering.

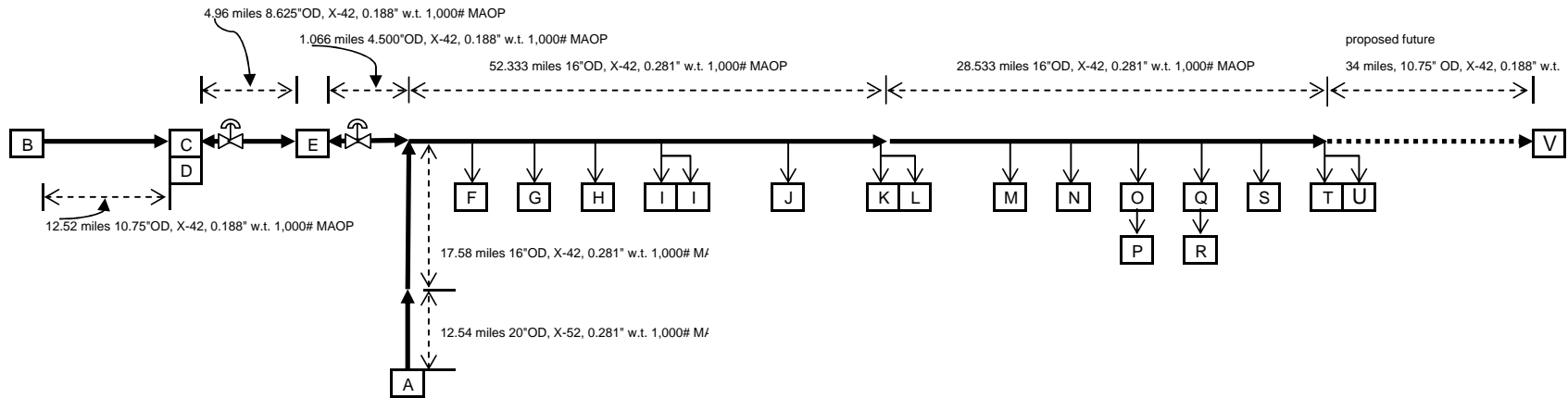
IV. DEEPER DEPTH OF COVER EVALUATION

NRC will identify locations as practicable where environmental conditions and farming practices may warrant deeper depths of cover (e.g., highly erodible soils, deep-tilling farming areas, terraced fields, and other areas with depth of cover concerns) based upon landowner contacts.

V. JUSTIFICATION WHERE ADDITIONAL DEPTH OF COVER REQUESTED BUT NOT PROVIDED

NRC will negotiate in good faith with landowners for easements, including depth of cover provisions. At this time, no areas have been identified where additional depth of cover would not be offered if it is identified as an issue or concern by the landowner.

OPERATION WITH PROPOSED FACILITIES
Normal Flow Conditions



Interconnect	Party	R/D/B	Milepost	Dth/d	Pressure (psig)
A	Trailblazer Pipeline	R	0.00	48,355	650
B	Kinder Morgan Interstate	R	0.00	28,000	500
C	Nebraska Energy (Aventine) at Aurora	D	12.52	27,000	261
D	KMIGT Lateral Jurisdictional	D	12.52	1,000	261
E	Aquila at Aurora	D	30.12	731	610
F	Aquila at Hampton	D	36.03	82	600
G	Aquila at Bradshaw	D	44.33	65	585
H	Northern Utilities at Bradshaw	D	44.82	10,000	573
I	Aquila at York	D	52.78	1,225	567
J	Central BioEnergy at Utica	D	65.48	10,000	555
K	Aquila at Osceola	D	82.45	195	546
L	Aquila at Shelby	D	82.45	120	550
M	Aquila at Rising City	D	88.95	47	546
N	Aquila at Garrison	D	89.25	14	546
O	Aquila at David City	D	97.21	286	528
P	Butler County Ethanol	D		5,000	523
Q	Aquila at Columbus #2	D	110.69	821	533
R	Aquila at Columbus #1	D		1,901	530
S	Seminole at Columbus	D	110.99	2,000	
T	Aquila at Schuyler #2	D	110.99	2	535
U	Aquila at Schuyler #1	D		475	534
V	Future Norfolk Load	D	110.99	15,393	495

Legend	
	NRC Pipeline LLC
	NRC Lateral Pipeline
	Motor Operated/Flow Control Valve
	Interconnect

Footnotes: ¹ These interconnects are located on the KMIGT Lateral and have a separate set of mile markers for just this lateral.

Notes: For purposes of this diagram, the lateral from the Mainline to Aquila at Aurora has been treated as mainline. In other places in the Application, it is treated as a lateral.
The Motor Operated/Flow Control Valves will be located within the meter sites.

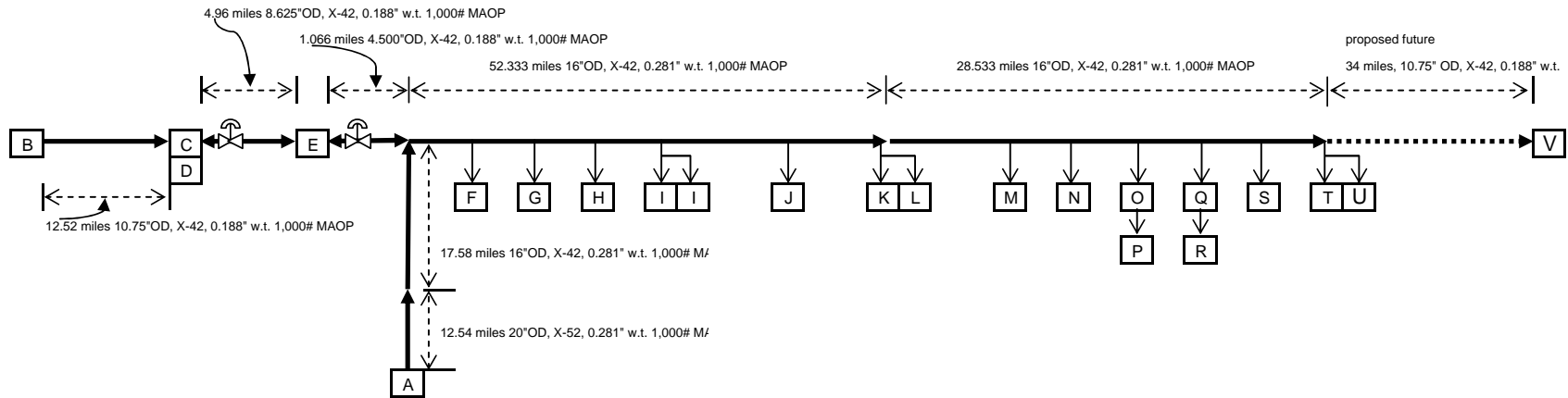
1/13/2008 J. Poarch Original

NRC PIPELINE LLC

Exhibit G - Flow Diagram

Page 1 of 1

OPERATION WITH PROPOSED FACILITIES
Maximum Flow Conditions



Interconnect	Party	R/D/B	Milepost	Dth/d	Pressure (psig)
A	Trailblazer Pipeline	R	0.00	64,035	650
B	Kinder Morgan Interstate	R	0.00	28,000	500
C	Nebraska Energy (Aventine) at Aurora	D	12.52	27,000	261
D	KMIGT Lateral Jurisdictional	D	12.52	1,000	261
E	Aquila at Aurora	D	30.12	2,088	563
F	Aquila at Hampton	D	36.03	233	547
G	Aquila at Bradshaw	D	44.33	186	515
H	Northern Utilities at Bradshaw	D	44.82	10,000	501
I	Aquila at York	D	52.78	3,499	410
J	Central BioEnergy at Utica	D	65.48	10,000	466
K	Aquila at Osceola	D	82.45	557	405
L	Aquila at Shelby	D	82.45	343	422
M	Aquila at Rising City	D	88.95	134	410
N	Aquila at Garrison	D	89.25	40	408
O	Aquila at David City	D	97.21	816	370
P	Butler County Ethanol	D		5,000	364
Q	Aquila at Columbus #2	D	110.69	2,346	340
R	Aquila at Columbus #1	D		5,430	313
S	Seminole at Columbus	D	110.99	2,000	
T	Aquila at Schuyler #2	D	110.99	5	368
U	Aquila at Schuyler #1	D		1,358	357
V	Future Norfolk Load	D	110.99	20,000	247

Legend	
	NRC Pipeline LLC
	NRC Lateral Pipeline
	Motor Operated/Flow Control Valve
	Interconnect

Footnotes: ¹ These interconnects are located on the KMIGT Lateral and have a separate set of mile markers for just this lateral.

Notes: For purposes of this diagram, the lateral from the Mainline to Aquila at Aurora has been treated as mainline. In other places in the Application, it is treated as a lateral.
The Motor Operated/Flow Control Valves will be located within the meter sites.

1/13/2008 J. Poarch Original

NRC PIPELINE LLC

Exhibit G-I - Flow Diagram

Page 1 of 1

EXHIBIT G-II

STATEMENT OF ENGINEERING DESIGN

The flow diagrams submitted herewith reflect the gas transmission facilities which are the subject of NRC's application for a certificate of public necessity to operate as a jurisdictional utility. NRC is requesting authorization to construct and operate certain gas transmission facilities consisting of 185.6-miles of pipeline, meters, and other appurtenant facilities. The trunk-line of Nebraska Resources Pipeline will consist of approximately 12.54 miles of 20-inch diameter pipeline extending from the interconnect with Trailblazer Pipeline Co. ("Trailblazer") to mile marker 12.54 and then extend another 98.45 miles of 16-inch diameter pipeline to a proposed point near Columbus, Nebraska. A 10-inch diameter receipt lateral will originate southeast of the Platte River and Grand Island at an interconnect with Kinder Morgan Interstate Gas Transmission ("KMIGT") and extend eastward approximately 12.52 miles to the west of Aurora, Nebraska.

No compressor stations are currently contemplated as part of the Nebraska Resources Pipeline.

The Nebraska Resources Pipeline will have a maximum allowable operating pressure of 1000 psig. NRC proposes to install two new receipt meters at the Trailblazer interconnect and the KMIGT interconnect. In addition, NRC proposes to install 19 delivery meter stations along the Nebraska Resources Pipeline.

NRC will install various appurtenant facilities within the pipeline corridor and right-of-way including motor control centers, pig launchers and receivers, approximately 15 mainline valves, 16 lateral valves, regulators, auxiliary facilities at each meter station, and auxiliary equipment and plant yard piping.

EXHIBIT H

TOTAL GAS SUPPLY DATA

The Nebraska Resources Pipeline will be supplied principally by Trailblazer Pipeline and the upstream gas supply basins¹ located in the Rocky Mountain region. The Rocky Mountain region is one of the fastest growing gas supply regions in the country due to increased exploration and drilling. Recent Energy Information Administration data indicates that the proven reserves for Colorado and Wyoming alone totaled 40,698 Bcf in 2006. *U.S. Crude Oil, Natural Gas, and Natural Gas Liquids Reserves 2006 Annual Report*, at Table 3 (October 2007). Some forecasters predict that reserves in the Rocky Mountain area could grow to 130 Tcf by 2030. This region is estimated to experience continual growth through the life of the Nebraska Resources Pipeline.

In addition to an abundance of gas supplies, Trailblazer Pipeline provides adequate throughput capacity to deliver those supplies to the Nebraska Resources Pipeline.² Trailblazer Pipeline reported that it delivered 311,423,830 Dth in 2006, amounting to throughput capacity of approximately 853,216 Dth/d. *Trailblazer Pipeline Co.*, FERC Form No. 2 (2006/Q4). Between plentiful reserves and infrastructure capacity, there are ample natural gas supplies available to sustain the Nebraska Resources Pipeline project.

¹ The basins Trailblazer typically receive gas from are located in Colorado and Wyoming (i.e., Greater Green River, Powder River, Denver Julesburg, Wind River, Big Horn and San Juan Basins).

² Zone 1A of the Nebraska Resources Pipeline will be supplied by KMIGT. KMIGT uses similar supply basins as Trailblazer and approximately 518,855 Dth/d of throughput. *Kinder Morgan Interstate Gas Transmission LLC*, FERC Form No. 2 (2006/Q4).

EXHIBIT I

MARKET DATA

Nebraska is currently experiencing a significant increase in the demand for natural gas service due to the proposed expansion of the local ethanol industry as well as other industrial and commercial expansions. However, Nebraska cannot meet this increased demand due to natural gas capacity constraints. If natural gas capacity is not increased in the near future, the State of Nebraska risks losing these valuable commercial projects to other states. This reality has been recognized by government officials at both the state and local levels. The NRC Pipeline will help Nebraska meet its increased demand. Without the NRC Pipeline, existing transportation infrastructure would need to undergo extensive expansions to provide comparable service of that which will be provided by NRC.

The NRC Pipeline will provide transportation service to jurisdictional utilities and large industrial users. NRC has already signed a precedent agreement with Aquila to provide natural gas service to eleven cities and towns in Central Nebraska where Aquila operates the local LDC system serving approximately 43,000+ people. In addition to Aquila, there are several small municipally owned distribution systems that are proximate to the NRC Pipeline, which are potential customers once their current supply and transport agreements come to term.

The NRC Pipeline will not directly duplicate current gas service, but it will provide an alternative source of transportation service to existing and new shippers such as SourceGas, which recently acquired ten or more distribution systems from Kinder Morgan whose current transportation contracts expire in 2010. If the NRC Pipeline is present at that time, it will create another option for these systems. At a minimum, this increased competition will help ensure that customers of these systems receive fairly priced transportation service.

As stated above, Central Nebraska is set to undergo substantial growth due to the continued expansion of the ethanol industry. However, there are factors that may limit or halt this growth. Chief among these factors is lack of natural gas supply. The NRC Pipeline will provide the necessary natural gas supply to ensure the ethanol industry can expand. Through public information, NRC has been able to identify 161,700 of ethanol and industrial MDQ load that is within the NRC Pipeline corridor but is not currently contracted to the NRC project. Some of this load will be served by other transportation providers, some of this load will not occur. It is also likely that there will be additional demand from ethanol plants that are currently un-announced. Other ethanol plants have not selected a site location yet. These facilities will base their decision on many different factors. A principal factor will be the availability of natural gas supply.

<u>Shipper Within the Corridor of NRC Mainline*</u>	<u>Facility Location</u>	<u>Start Date</u>	<u>MDQ</u>
Abengoa Bioenergy Corp	York	Dec-08	5,000
Louis Dreyfus Corp†	Norfolk	Mar-09	5,000
Nucor Steel†	Norfolk	Dec-09	6,000
American Ethanol	Sutton	Nov-09	10,000
Earth Grains Ethanol	Grand Island	Nov-09	10,000
IAMS Dog Food Company	Aurora	Mar-09	1,200
Northwestern Energy	Grand Island	Nov-09	25,000
Polk County Rural Public Power	Stromsburg	Mar-09	10,000
Grand Island Municipal Power	Grand Island	Jun-09	25,000
Cargill	Schuyler	Nov-09	5,000
Lindsay Mfg	Lindsay	Dec-09	1,000
Tyson	Madison	Mar-09	2,500
Nebraska Energy, LLC	Aurora	Operating	11,000
Archer Daniels Midland	Columbus	Operating	10,000
Archer Daniels Midland-expansion	Columbus	Proposed	20,000
<u>Deweese Biofuels</u>	<u>Fairfield</u>	<u>Proposed</u>	<u>5,000</u>
<u>Subtotal</u>			<u>161,700</u>

* From the Nebraska Ethanol Board and the Renewable Fuels Association

† The NRC pipeline will need to extend to Norfolk to serve this facility.

Also through public information, NRC has been able to identify an additional 121,500 of ethanol and industrial MDQ that is within thirty miles of the NRC corridor. This combined with

the MDQ within the NRC corridor amounts to 283,200 of MDQ that is in or near NRC's proposed pipeline corridor. The project NRC is proposing is not capable nor is it intended to serve all these customers. However, these figures do demonstrate that the demand for natural gas transportation service is set to grow substantially. The current infrastructure is not capable of handling the growth in demand. Projects like NRC's pipeline will be necessary to meet this growing demand.

Shippers Within 30 Miles of the NRC Corridor*

ASA Biofuels, LLC	Albion	Proposed	10,000
VeraSun Energy Corp	Albion	Proposed	5,000
Cargill	Blair	Operating	8,000
ALTRA Nebraska, LLC	Carleton	Summer 2008	10,000
US Bio Platte Valley	Central City	Operating	10,000
Advanced BioEnergy	Fairmont	Operating	10,000
Energy Grains Development Group of Kearney	Grand Island	Construction	5,000
Pioneer Trail Energy	Woodriver	Construction	10,000
AG Processing	Hastings	Operating	5,000
Chief Ethanol	Hastings	Operating	7,000
Summit Biofuels	Laurel	Construction	5,000
E3 Biofuels	Mead	Proposed	2,500
Abengoa Bioenergy	Ravenna	Operating	8,000
American Ethanol	Red Cloud	Construction	11,000
Little Blue Energy	Roseland	Construction	5,000
<u>E85, LLC</u>	<u>Wahoo</u>	<u>Construction</u>	<u>10,000</u>
Sub-Total			121,500
Grand Total			283,200

* From the Nebraska Ethanol Board and the Renewable Fuels Association

Again some of this load will be served through existing transportation options and some of the load will not occur. However, any increase in load will put more strain on a system that is already at or near capacity. It is also important to note that an economic force like the ethanol industry will also cause demand for energy across all sectors of the economy to increase. As more capital flows into the area, more local businesses will open and expand to accommodate the increased demand for their services. As more people move to the area to take jobs, more homes will be built. The net result is more homes and businesses will need more natural gas.

NRC believes there is adequate market demand to support the NRC Pipeline. NRC's

proposed rates, including the negotiated rates NRC proposes to charge jurisdictional and nonjurisdictional shippers, place NRC “at risk” for underrecovery of NRC’s investment should demand prove inadequate to keep the Pipeline reasonable full in the near term. In the longer term, moderate economic growth will make the NRC Pipeline the most economical alternative to provide additional transportation capacity into the entire region (rather than to merely one or two communities).

EXHIBIT J

FEDERAL AND STATE AUTHORIZATIONS

NRC intends to request a “limited jurisdiction certificate” from the FERC under 18 C.F.R. § 284.224 (2007). This regulatory provision authorizes a Hinshaw pipeline to transport natural gas in interstate commerce where such service is not exempt from federal jurisdiction under the Hinshaw amendment, without subjecting the pipeline to exclusive federal regulatory jurisdiction. This certificate is specifically designed for pipelines that require federal authorization under the NGA even though there is minimal federal interest in the regulation of the project. The certificate authorization issued by FERC is called a “limited jurisdiction certificate” because it subjects the pipeline to only limited federal regulation.

In connection with that limited jurisdiction certificate, NRC will also request a limited “blanket” certificate from the FERC under 18 C.F.R. §§ 157.203(b), 157.208 and 157.211(a) (2007), authorizing NRC to construct and operate the delivery taps, meters and related facilities needed to deliver natural gas to high-volume ratepayers. This authorization will be needed to authorize construction of delivery taps, meters and related minor facilities to be used exclusively to provide service to high-volume ratepayers to which NRC’s Hinshaw status will not apply.

NRC intends to submit its requests for the FERC authorizations necessary to serve high-volume ratepayers after the Commission has made a threshold determination on the non-environmental issues, approval of which is requested on or before April 15, 2008. A threshold determination that NRC will be jurisdictional utility under the SNGRA is a prerequisite to NRC’s ability to file applications with the FERC for the limited jurisdiction and blanket certificates described above. NRC will be prepared to submit its applications to the FERC immediately upon receipt of the Commission’s determination on non-environmental issues and is

hopeful that the FERC will be able to issue the requested federal certificates by June 30, 2008 so that construction of facilities needing to be in service by October 1, 2008 may commence sufficiently early in the summer of 2008 to enable service to commence on October 1, 2008.

With the exception of the permitting and environmental authorizations described in Exhibit E of the Application, NRC is unaware of any other state or federal permits or authorizations required, including any regulatory authorization from the Commission, for which NRC has not filed for approval.

EXHIBIT K
COST OF FACILITIES
Nebraska Resources Company
End of Base and Test Period Plant Functionalized
For The Twelve Months Ending December 31, 2010 (Note 1)

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	FERC Account No.	Description	KMIGT Lateral	Zone 1	Zone 2	Total
1	101	Gas Plant In Service				\$
2						
3		Intangible Plant				
4	301	Organization Costs				0
5	302	Franchises and Consents				0
6	303	Miscellaneous Intangible Plant				1,100,000
7		Capitalization of Interest Expense				106,867
8		Total Intangible Plant				1,206,867
9						
10		Transmission Plant				
11	365.1	Land and Land Rights				0
12	365.2	Mainline Rights-Of-Way	422,945	2,634,417	916,978	3,974,340
		Lateral Rights-Of-Way (Note 2)	156,463	825,065	975,198	1,956,727
13	366	Compressor Station Structures				0
14	367	Mainline Pipe and Construction Cost	2,803,462	33,619,230	11,506,607	47,929,300
		Lateral Pipe and Construction Cost (Note 2)	1,016,340	4,266,491	4,941,838	10,224,669
15	368	Compressor Station Equipment				0
16	369	Receipt Measuring and Regulating Station Eq.	285,235	2,282,500	2,282,500	4,850,235
		Additional jurisdictional delivery meter station	253,611			253,611
		KMIGT Receipt Meter Station	384,237			384,237
		Trailblazer Receipt Meter Station		1,210,000		1,210,000
17	370	Communication Equipment				0
18	371	Other Equipment				0
19		Capitalization of Interest Expense				6,876,738
20		Total Transmission Plant	5,322,293	44,837,704	20,623,122	77,659,857
21						
22		General Plant				
23	389	Land and Land Rights				51,186
24	390	Structures and Improvements				153,557
25	391	Office Furniture and Equipment				143,320
26	392	Transportation Equipment				209,861
27	393	Stores Equipment				0
28	394	Tools, Shop and Garage Equipment				117,727
29	395	Laboratory Equipment				0
30	396	Power Operated Equipment				10,749
31	397	Communication Equipment				12,796
32	398	Miscellaneous Equipment				805
33		Capitalization of Interest Expense				68,007
34		Total General Plant				768,007
35						
36	107	Construction Work in Progress				0
37						
38	114	Gas Plant Acquisition Adjustment				0
39						
40		Total all accounts				79,634,731

Notes: ¹ This corresponds to Schedule C-1 in Exhibit P - Tariff.

EXHIBIT L

FINANCING

Debt/Equity Ratio

The NRC Pipeline will be financed through a combination of debt and equity. It is currently anticipated that approximately fifty percent (50%) of the capital cost of the NRC Pipeline will be financed through private debt placement. The remainder will be in the form of equity financing. This debt/equity ratio is reflected in the derivation of NRC's proposed initial rates.

Cost Of Debt Financing

NRC has held initial discussions with financial institutions and financing experts to gauge the feasibility of such loans and their cost. Based on these discussions, NRC believes it will be able to obtain 50% debt financing at approximately the costs reflected in this Application, *i.e.*, a ten percent (10%) interest rate for short term "construction" financing and a nine percent (9%) interest rate for long term financing. The debt will likely be secured by the NRC Pipeline system.

Equity Financing

As previously indicated, the remaining financing of the NRC Pipeline will be through equity capital. The additional equity capitalization for NRC will come in the form of an equity contribution from NRC's corporate parent Seminole Energy Services, LLC, or other private equity investment.

EXHIBIT M

CONSTRUCTION, OPERATION AND MANAGEMENT

Seminole Energy Services, LLC (“Seminole”) plans to staff NRC for purposes of operation and management with current Seminole employees. Seminole plans to also hire new employees as needed and as required to comply with both the Commission’s Regulations governing affiliate conduct and FERC’s Standards of Conduct rules. *See Exhibit Z1.* Seminole anticipates supervising the construction of the NRC Pipeline with qualified employees of Seminole. Contracts for the actual construction work will be entered into with experienced, licensed and bonded contractors, but no such contracts have been executed as of the date of this filing.

EXHIBIT N

REVENUES – EXPENSES – INCOME

Attached hereto is an Income Statement setting forth projected revenues, expenses, and income from jurisdictional natural gas transportation service in Nebraska. This Income Statement do not include any projected revenues, expenses or income from transportation service for high-volume ratepayers under negotiated rates and negotiated terms and conditions of service.

Nebraska Resources Company
Exhibit N
Revenue-Expenses-Income

NRC Income Statement from Serving Aquila										
Based on Aquila's contracted volumes and rates. Expenses are allocated by the percentage of Jurisdictional cost from recourse rate.										
	Year 1		Year 2		Year 3		Year 4		Year 5	
	2008		2009		2010		2011		2012	
Aquila's Contracted Volume (MDQ)			17,035		17,035		17,035		17,035	
Aquila's Weighted Average Negotiated Rate		\$	0.495	\$	0.495	\$	0.50	\$	0.50	
Annual Firm Transportation Revenue	\$	-	\$	512,966	\$	3,077,799	\$	3,077,799	\$	3,077,799
Expenses Allocated Based On Jurisdictional Final Allocations from Recourse Rate Jurisdictional Allocation Work Paper										
Applicable Percentage of Total	28%									
OPEX & Maintenance	\$	-	\$	79,522		477,130		487,388		497,867
Administrative & General Expense	\$	-	\$	19,046		114,273		116,730		119,240
Non-Income Taxes	\$	-	\$	69,068		414,407		423,317		432,418
Interest Expense	\$	-	\$	164,038		984,229		1,005,390		1,027,006
Depreciation Expense	\$	-	\$	112,435		674,610		689,114		703,930
Total Expenses		-		444,108		2,664,649		2,721,939		2,780,461
Before Tax Net Income	\$	-	\$	68,858	\$	413,149	\$	355,859	\$	297,338
Expenses increases Annually at			2.15%							
Total NRC Expenses										
Total Expenses				Total Cost by Zone		% of Cost Jurisdictional				
Operating expense	1,705,301			Zone1 Cost	49,193,786	33.4535%				
Maintenance Expense	408,421			Zone 1a Cost	5,839,366	0.5996%				
Non-Income Taxes	1,481,124			Zone 2 Cost	22,626,704	23.1432%				
Interest Expense	3,517,716			Weighted Average %		28%				
Depreciation Expense	2,411,111									
Total Expenses	9,523,673									

EXHIBIT O

DEPRECIATION

SUMMARY OF DEPRECIATION RATES	
Asset Class	Depreciation Rate
Transmission Plant	2.857%/yr.
General Plant	10.00%/yr.
Intangible Plant	10.00%/yr.

NRC proposes a 35-year service life, which translates into a 2.857 percent depreciation rate, for Transmission Plant. Depreciation rates for Transmission Plant typically range from as low as 1.67 percent, corresponding to a 60-year service life, to as high as 5 percent, corresponding to a 20-year service life.

Depreciation rates are set for pipelines which have been in service for a significant period of time in order to match book depreciation lives with physical retirements. In this instance, of course, no opportunity exists to base depreciation on observed asset life because the assets are not yet constructed and none are expected to be retired for a considerable period of time. Because this is a new pipeline without fully developed markets, a very low depreciation rate is not appropriate since some prospect exists that the capacity of the pipeline will never be fully utilized.

In addition, the precedent agreements which have been executed for delivery of gas to customers on the system have an initial term of only ten years. Some possibility therefore exists that loads which are subscribed today will not exist after ten years. This increases the possibility of economic obsolescence for the pipeline facilities. NRC therefore requests a depreciation rate based upon a 35-year service life as appropriate given the market risks to which this pipeline is exposed.

NRC requests a 10 percent depreciation rate, corresponding to a ten-year service life, for General Plant. This depreciation rate is commonly used for this plant category and is a

reasonable estimate in the absence of a history of plant retirements to use in the context of observed depreciation.

NRC also requests a 10 percent depreciation rate, corresponding to a ten-year service life, for the Intangible Plant. This is the same service life allowed for tax purposes.

EXHIBIT P

TARIFF

Support for NRC's proposed rates is set forth at **Exhibit Z1**.

The draft *pro forma* Tariff is attached.

A preliminary draft of the attached *pro forma* Tariff was made available on request to potential shippers during the open season process and revisions to the draft *pro forma* Tariff were incorporated reflecting the negotiations with potential shippers. The *pro forma* Tariff contains proposed rates, rate schedules, General Terms and Conditions ("GT&C"), and forms of service agreements. NRC believes that the proposed Tariff fairly reflects the result of helpful input and negotiations between all shippers and NRC.

The NRC *pro forma* Tariff is designed to be "user friendly." It largely follows the FERC Gas Tariff of Trailblazer Pipeline Company (Trailblazer), owing to the fact that Trailblazer will serve as the primary receipt point for deliveries to the NRC system. By closely coordinating NRC's Tariff to Trailblazer's FERC Gas Tariff, NRC's Shippers will be able to conveniently and seamlessly schedule for transport on the NRC Pipeline gas that has been transported from upstream supply areas and delivery points on Trailblazer.

A number of modifications to the generally applicable GT&C provisions have been made to accommodate the relatively smaller quantities of gas that will be received by NRC from Kinder Morgan Gas Transmission ("KMIGT") for transport on NRC's KMIGT Lateral. These modifications seek to achieve much the same coordination between the operational provisions of NRC's Tariff and the related provisions of the FERC Gas Tariff of KMIGT, particularly where those provisions or their implementation may differ from comparable provisions of Trailblazer's Tariff. For example, the gas quality standards of KMIGT's tariff differ from those of Trailblazer

with respect to permitted water vapor content. Depending on which upstream pipeline Shippers use to deliver gas to NRC, the KMIGT or the Trailblazer gas quality standard will apply, thereby providing maximum flexibility for shippers on the NRC system and facilitating integration of the NRC Pipeline with the interstate pipeline grid. Other Tariff modifications applicable to the KMIGT Lateral driven by KMIGT's Tariff provisions relate to operational flow orders, metering, and balancing.

Significant aspects of the GT&C of the *pro forma* Tariff are discussed below.

Anchor Shippers

“Anchor Shippers” are shippers that executed a firm transportation service agreement with NRC prior to January 15, 2008 for a term of ten consecutive years or more at recourse or negotiated rates. The following are some of the features that distinguish NRC's service to its Anchor Shippers –

- An Anchor Shipper's negotiated rates applicable to the capacity awarded prior to the certificate application are generally no higher than the lowest negotiated rates applicable to any other Shipper under a Firm Transportation Service Agreement (FTSA) covering the same rate zones and/or facilities.
- NRC has negotiated the Fuel Gas and Unaccounted For Gas retainage and surcharge components of its rates with its Anchor Shippers. However, NRC's Recourse Rate Shippers are protected from subsidizing Anchor Shippers and other Shippers paying negotiated Fuel Gas and Unaccounted For Gas retainage and surcharge amounts.
- Confirmed nominations by an Anchor Shipper in excess of the Anchor Shipper's MDQ under its FTSA (Anchor Shipper Authorized Overrun Service), including service at

secondary delivery points, have priority over all interruptible service, including overrun service for non-Anchor Shippers.

- At the termination of their contracts for service on the NRC Pipeline, Anchor Shippers can exercise a right of first refusal under Section 14.2 of the GT&C of the Tariff pursuant to which the Anchor Shipper may continue its service under a rollover contracts by matching the price and term offered for the Anchor Shipper's expiring capacity by any other bidder, up to the maximum Recourse Rate.

Other GT&C Provisions

The GT&C of the *pro forma* Tariff contain a number of other key provisions including --

- Section 3 of the GT&C sets out the "rules of the road" for scheduling of gas for transport by NRC.
- Section 10 of the GT&C deals with imbalances created by a Shipper's fail to match the daily and monthly quantities received by NRC for the Shipper's account with the quantities taken by the Shipper at the pipeline's delivery point. These provisions include a sliding scale cash-out mechanism drawn from Trailblazer's Tariff.
- Sections 15-17 of the GT&C deal with gas measurement, pressure and delivery conditions, and gas quality requirements. As discussed above, requirements otherwise applicable to receipts to the NRC System from Trailblazer have been modified to reflect differences appropriate for receipts of gas from KMIGT into the KMIGT Lateral.
- Section 26 of the GT&C describes how operating and other important information will be shared with NRC's marketing affiliates and non-affiliated Shippers. This section of the Tariff also explains how complaints are to be lodged with the pipeline and how they will be addressed by NRC.

- Section 28 of the GT&C permits Shippers to pay non-recourse, negotiated rates and describes how those rates will be treated for purposes of allocating capacity.
- Section 31 of the GT&C provides that NRC will not transport any gas if it will thereafter be transported outside the State of Nebraska.

GAS TARIFF
(Pro Forma)

NEBRASKA RESOURCES COMPANY, LLC

TABLE OF CONTENTS

	Sheet No.
PRELIMINARY STATEMENT	2
SYSTEM MAP	3
CURRENTLY EFFECTIVE RATES.....	4
RATE SCHEDULE FTS	7
RATE SCHEDULE ITS	21
GENERAL TERMS AND CONDITIONS	34
FORM OF FIRM TRANSPORTATION SERVICE AGREEMENT	142
FORM OF INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT	144

PRELIMINARY STATEMENT

Nebraska Resources Company, LLC (“NRC”) is a limited liability company formed under the laws of the State of Nebraska.

Seminole Energy Services Company, LLC (“Seminole”) is the sole member of NRC. Seminole is a limited liability company organized under the laws of the State of Oklahoma.

NRC provides natural gas transportation service subject to the jurisdiction of the Nebraska Public Service Commission (“Commission”) pursuant to the provisions of this Tariff.

NRC provides transportation service for high-volume ratepayers pursuant to negotiated rates and negotiated terms and conditions of service exempt from the jurisdiction of the Commission. Except to the extent made applicable to such service by the terms of the negotiated contract between NRC and such shipper or by the provisions of this Tariff, the terms of this Tariff do not apply to such service.

SYSTEM MAP

CURRENTLY EFFECTIVE RATES

Rate Schedule FTS

NRC FTS RATES			
FTS Rate	Zone 1	Subzone 1A	Zone 2
Reservation	\$16.2568	\$9.3222	\$30.5995
Commodity	\$0.0000	\$0.0000	\$0.0000

Reservation charge is a monthly charge stated as \$/Dth of MDQ/mo.

Commodity charge is stated as \$/Dth.

FTS Rates apply for service to Primary Delivery Points in the Zone.

Authorized Overrun Service

The rate for Overrun Transportation Service shall be the Maximum Rate contained in Rate Schedule ITS for the Zone in which the Delivery Point is Located.

Rate Schedule ITS

NRC ITS RATES			
ITS Rate	Zone 1	Subzone 1A	Zone 2
Commodity	\$0.5345	\$0.3065	\$1.0060

Commodity charge is stated as \$/Dth

Rate Zones

Zone 1: Receipt Point at Trailblazer; Delivery Point at or west and/or south of the “T” in Section 15 of T-14, R-01-W, but not including deliveries in Subzone 1A.

Subzone 1A: Receipt Point at KMIGT; Delivery Point east of KMIGT Receipt Point and west of Zone 1.

Zone 2: Receipt Point at Trailblazer; Delivery Point east and/or north of the “T” in Section 15 of T-14, R-01-W and –

- (i) at or south and/or west of delivery point serving Schuyler, Neb., in Section 22, T-17, R-03-E; and/or
- (ii) at or south and/or east of delivery point serving Columbus, Neb., in Sec. 20, T-17-N, R-01-E.

[Reserved]

RATE SCHEDULE FTS
FIRM TRANSPORTATION SERVICE

TABLE OF CONTENTS

	Sheet No.
1. AVAILABILITY	8
2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE.....	8
3. VALID REQUESTS.....	9
4. TERM	13
5. RATE	13
6. NOMINATIONS, SCHEDULING CHARGES AND IMBALANCES	17
7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS	18
8. OVERRUN SERVICE.....	18
9. GENERAL TERMS AND CONDITIONS	19

RATE SCHEDULE FTS

1. AVAILABILITY

1.1 This Rate Schedule FTS is available to any state-regulated shipper (hereinafter called “Shipper”) which:

- (a) submits to Nebraska Resources Company LLC (hereinafter called “NRC”) a valid request as defined in Section 3 of this Rate Schedule with respect to which NRC has firm capacity available on all affected portions of its System and the firm operational capability to satisfy; and
- (b) executes a Firm Transportation Service Agreement (“FTSA”) with NRC applicable to service under this Rate Schedule FTS.

The form of FTSA is contained in this Tariff. There is no limitation on the number of FTSA's any one Shipper may have.

1.2 Except as provided in Section 1.3 of this Rate Schedule, this Rate Schedule shall not apply to any entity which qualifies as a High-Volume Ratepayer, the rates and charges to which are exempt from regulation by the Nebraska Public Service Commission (hereinafter called “Commission”).

1.3 This Rate Schedule shall apply to transportation service rendered on a firm basis to any entity which qualifies as a High-Volume Ratepayer the rates and charges to which are exempt from regulation by the Nebraska Public Service Commission if such transportation service has been authorized by the Federal Energy Regulatory Commission (hereinafter called “FERC”) pursuant to Section 284.224 of the regulations of the FERC, and the rates set forth in this Rate Schedule have been incorporated by reference as applicable to such service pursuant to Section 284.123 of the regulations of the FERC. Such entity shall also be a “Shipper” hereunder.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule FTS shall apply to all gas transported by NRC for Shipper

RATE SCHEDULE FTS

pursuant to an FTSA.

2.2 Service under this Rate Schedule shall be provided on a firm basis. However, service may be interrupted for any of the reasons set out in this Tariff. NRC shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of NRC's System or the quality of service and on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable regulations or orders of the Commission. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 Service under this Rate Schedule shall consist of the acceptance by NRC of natural gas tendered by Shipper for transportation at Receipt Points specified in or applicable to the FTSA, the transportation of that natural gas through NRC's pipeline System, and the delivery of that natural gas by NRC to Shipper or for Shipper's account at the Delivery Points specified in or applicable to the FTSA. NRC shall not be required to accept any gas tendered in excess of the Maximum Daily Quantity ("MDQ") specified in the FTSA for each Receipt Point or Delivery Point or for the aggregate of all primary Receipt Points or Delivery Points. Service under this Rate Schedule shall not encompass gathering services, transportation through the facilities of any third party, processing, or transportation to processing facilities.

2.4 Allocation of capacity, curtailment and priorities of service for the purposes of scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

3. VALID REQUESTS

3.1 IN GENERAL. A request for service under this Rate Schedule FTS shall be valid as of the date received if it complies with this Section 3 and contains adequate information on all of the items specified in Section 3.2 of this Rate Schedule, subject to any necessary verification of such information and to the following:

RATE SCHEDULE FTS

(a) A request shall not be valid and NRC shall not be required to grant any such request:

(1) for which adequate capacity is not available on any portion of NRC's System necessary to provide such service;

(2) as to which NRC does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FTS;

(3) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that NRC may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services;

(4) unless and until Shipper has provided NRC with the information required in Section 3.2 of this Rate Schedule;

(5) if NRC determines, based on the credit analysis referenced in Section 3.2(f) of this Rate Schedule, that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided under this Rate Schedule will be paid for on a timely basis;

(6) if the service requested would not comply with this Rate Schedule FTS; or

(7) if the service requested is at less than the applicable maximum rate; provided, however, that NRC may agree to provide service under this Rate Schedule at a discount consistent with this Rate Schedule FTS.

Nothing herein is intended to govern the curtailment of service once a request for service

RATE SCHEDULE FTS

has been granted pursuant to this Section 3 and while an FTSA is in effect, except and to the extent provided by the General Terms and Conditions of this Tariff.

(b) Capacity awards shall be made as provided in the General Terms and Conditions of this Tariff. NRC shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or System capability or if the request is incomplete or does not comply with this Rate Schedule FTS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule FTS. In the event a request is substantially but not entirely complete, NRC shall inform Shipper in writing of the specific items needed to complete the FTSA, consistent with this Section 3 and with other applicable provisions of the General Terms and Conditions of this Tariff.

(c) NRC shall tender an FTSA to Shipper for execution when Shipper's request for service is accepted. Unless waived by NRC, a request for service shall be invalid if Shipper fails to execute an FTSA under this Rate Schedule within ten (10) days after an FTSA has been tendered by NRC for execution.

3.2 REQUIRED INFORMATION. Requests for service under this Rate Schedule shall be deemed valid only after the following information has been provided by Shipper in accordance with the requirements of the General Terms and Conditions of NRC's Tariff.

(a) GAS QUANTITIES. The request shall specify in Dth the aggregate MDQ and the MDQ for the primary point, exclusive of applicable Unaccounted For Gas; provided, however, that NRC shall not be obligated to accept requests for an aggregate MDQ of less than five hundred (500) Dth per day.

RATE SCHEDULE FTS

(b) RECEIPT POINT(S). The request shall specify the primary point(s) at which Shipper desires NRC to receive gas.

(c) DELIVERY POINT(S). The request shall specify the primary point(s) at which Shipper desires NRC to deliver gas.

(d) LIMITATION OF POINTS.

(1) A Shipper may request any number of primary Receipt and primary Delivery Points so long as the summation of MDQs at all primary Receipt Points and at all primary Delivery Points equals the aggregate MDQ.

(2) The availability to Shipper of secondary Receipt and Delivery Points, and the related priorities and volumes, are governed by the General Terms and Conditions.

(e) TERM OF SERVICE. The request shall specify the date service is requested to terminate.

(f) CREDIT. Acceptance of a request is contingent upon a satisfactory credit appraisal by NRC in accordance with the General Terms and Conditions of this Tariff.

(g) COMPLIANCE WITH TARIFF. Submission of a request for service under this Rate Schedule shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

(h) FILING INFORMATION. The following information is to be provided at the time a request for service under this Rate Schedule is submitted, if available, or when an initial nomination for service under an executed FTSA is submitted, and when any subsequent changes occur:

RATE SCHEDULE FTS

- (1) Affiliation of the requesting party with NRC; and
- (2) The identity of the requesting party, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, a marketer, or an end user, and if an end user, whether its average daily consumption exceeds 500 Dth per day (a “high-volume ratepayer” under Nebraska State Natural Gas Regulation Act section 2(7)).

4. TERM

(a) The term of service under this Rate Schedule shall be set forth in the FTSA between Shipper and NRC.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis-à-vis an FTSA. Upon termination of any FTSA, and subject to any such rollover or right of first refusal, service by NRC to Shipper under such Agreement shall be terminated and automatically abandoned.

(c) NRC may terminate any FTSA if NRC is required by the Commission or some other agency or court to provide firm service for others utilizing the System capacity or capability required for service under such FTSA or if NRC ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the FTSA. NRC’s ability to terminate any FTSA under this provision is intended to ensure that the contract term does not extend beyond the regulatory authority to provide the service and that the contract is consistent with the regulatory authority to provide the service.

5. RATE**5.1 TWO PART RATE**

- (a) Shipper shall pay NRC each month under this Rate Schedule FTS a two-

RATE SCHEDULE FTS

part rate consisting of:

(1) a Reservation Charge, based on Shipper's MDQ, applicable to the Zone in which Shipper's Primary Delivery Point is located, and

(2) a Commodity Charge for each Dth of gas received for transportation up to Shippers Total MDQ.

(b)(1) Maximum (Recourse) Rates are stated in this Tariff for each Zone.

(2) Unless NRC and Shipper have agreed to a Negotiated Rate, the applicable rate specified in Rate Schedule FTS is the rate for the Zone in which the Shipper's Primary Delivery Point is located. The rate specified in Rate Schedule FTS for the Zone in which the Shipper's Primary Delivery Point is located shall apply only to gas delivered to Delivery Points in that Zone or in a Zone upstream from such Zone.

(3) Unless NRC and Shipper have agreed to a Negotiated Rate, the rate per Dth of gas delivered to a Delivery Point downstream from the Zone in which the Shipper's Primary Delivery Point is located shall be the Maximum rate set forth in Rate Schedule ITS for the Zone in which the gas is delivered.

(4) Unless NRC and Shipper have agreed to a Negotiated Rate, the rate per Dth of Authorized Overrun Gas delivered to any Delivery Point shall be the maximum rate set forth in Rate Schedule ITS for the Zone in which the gas is delivered.

(5) Recourse Rates are subject to adjustment under the provisions of the General Terms and Conditions of this Tariff.

(c) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed under this Rate Schedule shall be governed by the General Terms and Conditions of this Tariff. A request for service at a Negotiated

RATE SCHEDULE FTS

Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

5.2 UNACCOUNTED FOR GAS. Shipper shall reimburse NRC in kind for Unaccounted For Gas required in transporting gas under this Rate Schedule as provided in the General Terms and Conditions.

5.3 REGULATORY FEES.

(a) Shipper shall reimburse NRC within ten (10) days after costs have been incurred by NRC for all fees required by any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper under this Rate Schedule and are not generally applicable fees (such as general rate case filing fees).

(b) If NRC constructs, acquires or modifies any facilities to perform service under this Rate Schedule, then as specified in an agreement between the parties either:

(1) Shipper shall reimburse NRC for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) NRC shall assess a monthly charge reflecting such facility costs.

5.4 FUTURE RATE FILINGS.

(a) NRC shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in:

(1) the rates and charges applicable under this Rate Schedule FTS, including both the level and design of such rates and charges; or

(2) the terms and conditions of this Rate Schedule FTS.

RATE SCHEDULE FTS

NRC agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of NRC's existing Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, any governmental authority having jurisdiction in the premises allows or permits NRC to collect, or to negotiate to collect, a higher rate for the service under this Rate Schedule, the rate shall, subject to any contrary provision of the FTSA or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for NRC to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by NRC. If, at any time and from time to time, any governmental authority having jurisdiction in the premises requires NRC to charge a lower rate for transportation service under this Rate Schedule, the rate shall be decreased to such reduced rate. Should additional documentation be required in order for NRC to collect such increased rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by NRC.

5.5 DISCOUNTING. NRC may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the FTSA or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule FTS a rate which is lower than the applicable maximum rate set forth in this Tariff. NRC will confirm any verbal notice of the applicable charge in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the FTSA or in a separate discount agreement, NRC may at any time further change

RATE SCHEDULE FTS

such rate (subject to any restrictions as to maximum rates set out in this Tariff, the FTSA and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. NRC shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.6 **NEGOTIATED RATES.** Subject to the requirement that the Shipper was provided an opportunity to elect a cost-of-service based "recourse" rate at the time the Shipper entered into a precedent agreement or FTSA with NRC, NRC is authorized to charge such Shipper the negotiated rates set forth in such precedent agreement or FTSA.

5.7 **REVENUES.** All revenues collected by NRC as a result of providing service under Rate Schedule FTS shall be retained by NRC unless NRC has otherwise explicitly agreed on a different disposition of such amounts.

6. NOMINATIONS, SCHEDULING CHARGES AND IMBALANCES

(a) Shipper shall provide NRC with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to NRC at Receipt Point(s), and to cause gas to be taken from NRC at Delivery Point(s), in accordance with the information supplied to NRC.

(b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. NRC may curtail service under this Rate Schedule to the extent necessary to bring receipts and deliveries into balance. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions

RATE SCHEDULE FTS

of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) The primary Receipt Points for gas tendered to NRC for transportation under this Rate Schedule and the primary Delivery Points for gas delivered by NRC to Shipper (or to a third party on behalf of Shipper) under this Rate Schedule shall be specified in the FTSA. For each individual primary Receipt and Delivery Point, and for the aggregate of all such points, NRC's maximum obligation to accept and deliver gas on a firm basis shall be specified in Dth in the FTSA. The sum of the MDQs for primary Receipt Points and the sum of the MDQs for primary Delivery Points shall not exceed the aggregate MDQ. Shipper may utilize any and all points as secondary Receipt or Delivery Points as specified in the General Terms and Conditions of this Tariff.

(b) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(c) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where gas is tendered to NRC under this Rate Schedule; and (2) at or downstream of the Delivery Point(s) where NRC delivers gas under this Rate Schedule to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule FTS and must be coordinated with NRC.

8. OVERRUN SERVICE

(a) Upon request of Shipper, NRC may (but is not obligated to) receive, transport, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the FTSA when, in NRC's reasonable judgment, the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of NRC to meet its

RATE SCHEDULE FTS

other obligations. In granting requests for overrun service, NRC shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff.

Shipper shall pay NRC the applicable rate for Authorized Overrun Service set forth in this Tariff.

For any overrun under this Rate Schedule which is not authorized (not nominated and confirmed), Shipper shall pay NRC, in addition to the Authorized Overrun Charge, an Unauthorized Overrun Charge per Dth equal to the Unauthorized Overrun Rate multiplied by the amount of gas in Dth tendered to NRC for delivery to Shipper under an FTSA which exceeds the MDQ under such FTSA. The maximum Unauthorized Overrun Rate is \$25.00/Dth, which may be discounted by NRC on a non-discriminatory basis to any level between zero and such maximum rate.

(b) Any charges for an unauthorized overrun in excess of the Authorized Overrun Charge shall be waived by NRC if the unauthorized overrun does not cause operational problems. If NRC does not waive an Unauthorized Overrun Charge, it will provide a written explanation of the operational problem(s) caused by the overrun upon request from a Shipper subject to the Unauthorized Overrun Charge.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FTS and shall apply to service rendered under this Rate Schedule as though stated herein.

RATE SCHEDULE FTS

[Reserved]

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

TABLE OF CONTENTS

	Sheet No.
1. AVAILABILITY	22
2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE.....	22
3. VALID REQUESTS	23
4. TERM	26
5. RATE	27
6. NOMINATIONS, SCHEDULING, AND IMBALANCES	30
7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS	31
8. OVERRUN SERVICE.....	31
9. GENERAL TERMS AND CONDITIONS	32

RATE SCHEDULE ITS**1. AVAILABILITY**

1.1 This Rate Schedule ITS is available to any state-regulated shipper (hereinafter called “Shipper”) which:

- (a) submits to Nebraska Resources Company LLC (hereinafter called “NRC”) a valid request as defined in Section 3 of this Rate Schedule; and
- (b) executes an Interruptible Transportation Service Agreement (“ITSA”) with NRC applicable to service under this Rate Schedule ITS.

The form of ITSA is contained in this Tariff. There is no limitation on the number of ITSAs any one Shipper may have.

1.2 Except as provided in Section 1.3 of this Rate Schedule, this Rate Schedule shall not apply to any Shipper which qualifies as a High-Volume Ratepayer, the rates and charges to which are exempt from regulation by the Nebraska Public Service Commission (hereinafter called “Commission”).

1.3 This Rate Schedule shall apply to transportation service rendered on an interruptible basis to any Shipper which qualifies as a High-Volume Ratepayer the rates and charges to which are exempt from regulation by the Commission if such transportation service has been authorized by the Federal Energy Regulatory Commission (hereinafter called “FERC”) pursuant to Section 284.224 of the regulations of the FERC, and the rates set forth in this Rate Schedule have been incorporated by reference as applicable to such service pursuant to Section 284.123 of the regulations of the FERC. Such entity shall also be a “Shipper” hereunder

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule ITS defines an interruptible transportation service. This Rate Schedule ITS shall apply to all gas received by NRC for Shipper pursuant to an ITSA. As more

RATE SCHEDULE ITS

fully set out in the General Terms and Conditions of this Tariff, NRC is not providing a supply service under this Rate Schedule ITS.

2.2 Service under this Rate Schedule shall consist of the acceptance by NRC of natural gas from or for the account of Shipper at Receipt Point(s) under the ITSA, the transportation of that natural gas through NRC's System, and the delivery of that natural gas by NRC to Shipper or for Shipper's account at Delivery Point(s) under the ITSA. NRC shall not be required:

(a) to accept on any day gas tendered, or to deliver on any day gas requested, in excess of the Maximum Daily Quantity ("MDQ") specified in the ITSA;

(b) to accept or deliver on any day gas under this Rate Schedule which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff.

2.3 Shipper shall only tender gas for transportation under this Rate Schedule ITS to the extent such service would qualify under the applicable statutes, regulations, and Commission orders authorizing service by NRC under this Rate Schedule.

2.4 Service under this Rate Schedule ITS is provided on an interruptible basis. Curtailment and priorities of service for the purposes of scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

3. VALID REQUESTS

3.1 IN GENERAL. A request for service under this Rate Schedule ITS shall be valid as of the date received if it complies with this Section 3 and contains adequate information on all of the items specified in Section 3.2 of this Rate Schedule, subject to any necessary verification of such information and to the following:

RATE SCHEDULE ITS

(a) A request shall not be valid and NRC shall not be required to grant any such request:

(1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that NRC may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services;

(2) unless and until Shipper has provided NRC with the information required in Section 3.2 of this Rate Schedule;

(3) if NRC determines, based on the credit analysis referenced in Section 3.2(d) of this Rate Schedule, that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided under this Rate Schedule will be paid for on a timely basis;

(4) if the service requested would not comply with this Rate Schedule ITS; or

(5) if the service requested is at less than the applicable maximum rate; provided, however, that NRC may agree to provide service under this Rate Schedule at a discount consistent with this Rate Schedule ITS.

Nothing herein is intended to govern the curtailment of service once a request for service has been granted pursuant to this Section 3 and while an ITSA is in effect, except and to the extent provided by the General Terms and Conditions of this Tariff.

(b) NRC shall promptly notify Shipper if it cannot satisfy an otherwise valid request because such request is incomplete or does not comply with this Rate Schedule ITS. Any request shall be null and void unless it is substantially complete and complies

RATE SCHEDULE ITS

with this Rate Schedule. In the event a request is substantially but not entirely complete, NRC shall inform Shipper in writing of the specific items needed to complete the ITSA, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(c) NRC shall tender an ITSA to Shipper for execution when Shipper's request for service is accepted. Unless waived by NRC, a request for service shall be invalid if Shipper fails to execute an ITSA under this Rate Schedule within ten (10) days after an ITSA has been tendered by NRC for execution.

3.2 REQUIRED INFORMATION. Requests for service under this Rate Schedule shall be deemed valid only after the following information has been provided by Shipper in accordance with the requirements of the General Terms and Conditions of NRC's Tariff.

(a) GAS QUANTITIES. The request shall specify in Dth the aggregate MDQ, exclusive of applicable Unaccounted For Gas; provided, however, that NRC shall not be obligated to accept requests for an aggregate MDQ of less than five hundred (500) Dth per day.

(b) AVAILABILITY OF POINTS.

(1) A Shipper may utilize all available Receipt and Delivery Points on NRC's System under any ITSA, as more fully set out in the General Terms and Conditions of this Tariff.

(2) The available volume and priorities at any point shall be governed by the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE. The request shall specify the date service is

RATE SCHEDULE ITS

requested to terminate.

(d) CREDIT. Acceptance of a request is contingent upon a satisfactory credit appraisal by NRC in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH TARIFF. Submission of a request for service under this Rate Schedule shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

(f) FILING INFORMATION. The following information is to be provided at the time a request for service under this Rate Schedule is submitted, if available, or when an initial nomination for transportation under an executed ITSA is submitted, and when any subsequent changes occur:

(1) Affiliation of the requesting entity with NRC; and

(2) The identity of the requesting entity, including whether it is a local distribution company, an interstate pipeline company, a producer, a marketer, or an end user, and if an end user, whether its average daily consumption exceeds 500 Dth per day (a “high-volume ratepayer” under Nebraska State Natural Gas Regulation Act section 2(7)).

4. TERM

(a) The term of service under this Rate Schedule shall be set forth in the ITSA between Shipper and NRC. NRC may terminate the ITSA if Shipper fails to cause gas to be delivered during any twelve (12) consecutive calendar months when capacity is available, unless Shipper’s failure to deliver gas was attributable to circumstances of Force Majeure.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of

RATE SCHEDULE ITS

rollovers vis-à-vis an ITSA. Upon termination of any ITSA, and subject to such rollovers, service by NRC to Shipper under such Agreement shall be terminated and automatically abandoned.

(c) NRC may terminate any ITSA if NRC is required by the Commission or some other agency or court to provide service for others utilizing the interruptible System capacity or capability required for service under such ITSA or if NRC ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the ITSA.

5. RATE**5.1 ONE-PART RATE.**

(a) Shipper shall pay NRC each month under this Rate Schedule ITS a one-part Commodity Charge for each Dth of gas received for transportation, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity Charge shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of gas delivered to Shipper or for Shipper's account by NRC during the billing month.

(b)(1) Maximum (Recourse) Commodity Rates are stated in this Tariff for each Zone.

(2) The applicable rate specified in Rate Schedule ITS is the rate for the Zone in which the Delivery Point to which the gas is delivered is located.

(3) The rate per Dth of Authorized Overrun Gas delivered to any Delivery Point shall be the maximum rate set forth in Rate Schedule ITS for the Zone in which the gas is delivered, unless NRC and Shipper have agreed to a Negotiated Rate.

(4) Recourse Rates are subject to adjustment under the provisions of the

RATE SCHEDULE ITS

General Terms and Conditions of this Tariff.

(c) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed under this Rate Schedule shall be governed by Section 28 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

5.2 UNACCOUNTED FOR GAS. Shipper shall reimburse NRC in kind for any Unaccounted For Gas in transporting gas under this Rate Schedule as provided in the General Terms and Conditions.

5.3 REGULATORY FEES.

(a) Shipper shall reimburse NRC within five (5) days after costs have been incurred by NRC for all fees required by any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper under this Rate Schedule and are not generally applicable fees (such as general rate case filing fees).

(b) If NRC constructs, acquires or modifies any facilities to perform service under this Rate Schedule, then as specified in an agreement between the parties either:

(1) Shipper shall reimburse NRC for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) NRC shall assess a monthly charge reflecting such facility costs.

5.4 FUTURE RATE FILINGS.

(a) NRC shall have the unilateral right to file with any appropriate regulatory

RATE SCHEDULE ITS

authority and make changes effective in:

- (1) the rates and charges applicable under this Rate Schedule ITS, including both the level and design of such rates and charges; or
- (2) the terms and conditions of this Rate Schedule ITS.

NRC agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of NRC's existing Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, any governmental authority having jurisdiction in the premises allows or permits NRC to collect, or to negotiate to collect, a higher rate for the service under this Rate Schedule, the rate shall, subject to any contrary provision of the ITSA or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for NRC to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by NRC. If, at any time and from time to time, any governmental authority having jurisdiction in the premises requires NRC to charge a lower rate for transportation service under this Rate Schedule, the rate shall be decreased to such reduced rate. Should additional documentation be required in order for NRC to collect such increased rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by NRC.

5.6 DISCOUNTING. NRC may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the ITSA or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule

RATE SCHEDULE ITS

ITS a rate which is lower than the applicable maximum rate set forth in this Tariff. NRC will confirm any verbal notice of the applicable rate in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the ITSA or in a separate discount agreement, NRC may at any time further change such rate (subject to any restrictions as to maximum rates set out in this Tariff, the ITSA and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. NRC shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.6 **NEGOTIATED RATES.** Subject to the requirement that the Shipper was provided an opportunity to elect a cost-of-service based "recourse" rate at the time the Shipper entered into a precedent agreement or ITSA with NRC, NRC is authorized to charge such Shipper the negotiated rates set forth in such precedent agreement or FTSA.

5.8 **REVENUES.** All revenues collected by NRC as a result of providing service under Rate Schedule ITS shall be credited by NRC to recourse rate shippers annually. If not credited within twelve (12) months following the calculation of any such credit, such revenues shall be retained by NRC unless NRC has otherwise explicitly agreed on a different disposition of such amounts. NRC shall also retain 100% of the revenues from any IT service from a Receipt Point in Subzone 1A to Delivery Points in Zones 1 or 2.

6. NOMINATIONS, SCHEDULING, AND IMBALANCES

(a) Shipper shall provide NRC with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff.

RATE SCHEDULE ITS

It shall be Shipper's responsibility to cause gas to be delivered to NRC at Receipt Point(s), and to cause gas to be taken from NRC at Delivery Point(s), in accordance with the information supplied to NRC.

(b) It shall be Shipper's responsibility to keep receipts and deliveries in balance.

NRC may curtail service under this Rate Schedule to the extent necessary to bring receipts and deliveries into balance. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) An ITSA shall include all available Receipt and Delivery Points on NRC's System, as more fully set out in the General Terms and Conditions of this Tariff. NRC's aggregate maximum obligation to accept and deliver gas on an interruptible basis shall be specified in Dth in the ITSA. The volumes available at each Receipt and Delivery Point, and the related priorities, shall be governed by the General Terms and Conditions of this Tariff.

(b) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(c) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where gas is tendered to NRC under this Rate Schedule; and (2) at or downstream of the Delivery Point(s) where NRC delivers gas under this Rate Schedule to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule ITS and must be coordinated with NRC.

8. OVERRUN SERVICE

(a) Upon request of Shipper, NRC may (but is not obligated to) receive, transport,

RATE SCHEDULE ITS

and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the ITSA when, in NRC's reasonable judgment, the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of NRC to meet its other obligations. In granting requests for Authorized Overrun Service, NRC shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay NRC the applicable rate for Authorized Overrun Service set forth in this Tariff. For any overrun under this Rate Schedule which is not authorized (not nominated and confirmed), Shipper shall pay NRC, in addition to the Authorized Overrun Charge, an Unauthorized Overrun Charge per Dth equal to the Unauthorized Overrun Rate multiplied by the amount of gas in Dth tendered to NRC or deliveries to Shipper under an ITSA which exceeds the MDQ under such ITSA. The maximum Unauthorized Overrun Rate is \$25.00/Dth, which may be discounted on a non-discriminatory basis by NRC to any level.

(b) Any charges for an unauthorized overrun in excess of the Authorized Overrun Charge shall be waived by NRC if the unauthorized overrun does not cause operational problems. If NRC does not waive an Unauthorized Overrun Charge, it will provide a written explanation of the operational problem(s) caused by the overrun upon request from a Shipper subject to the Unauthorized Overrun Charge.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule ITS and shall apply to service rendered under this Rate Schedule as though stated herein.

RATE SCHEDULE ITS

[Reserved]

GENERAL TERMS AND CONDITIONS

TABLE OF CONTENTS

	Sheet No.
1. DEFINITIONS.....	35
2. EXPANSION OF THE SYSTEM	40
3. PRIORITY OF SERVICE	41
4. RECEIPT POINTS	65
5. DELIVERY OF GAS FOR THE ACCOUNT OF SHIPPER	65
6. NEW FACILITIES CHARGE.....	66
7. NOMINATION/REPORTING AND BALANCING.....	69
8. DETERMINATION OF DAILY RECEIPTS	77
9. DETERMINATION OF DELIVERIES	79
10. IMBALANCES.....	81
11. STATEMENTS, BILLING, PAYMENT AND DISCOUNTING POLICY	84
12. EVALUATION OF CREDIT	87
13. INTERACTIVE WEBSITE.....	95
14. CONTRACT ROLLOVERS AND RIGHT OF FIRST REFUSAL.....	100
15. MEASUREMENT	106
16. PRESSURE AND DELIVERY CONDITIONS.....	111
17. QUALITY OF GAS.....	111
18. FORCE MAJEURE	114
19. POSSESSION OF GAS, TITLE AND RESPONSIBILITY	115
20. NOTIFICATION	116
21. FACILITIES/OBLIGATION TO CARRY OUT AGREEMENT/FILINGS.....	118
22. INDEMNIFICATION.....	119
23. SUCCESSORS AND ASSIGNS	120
24. REGULATION.....	120
25. LIMITATION ON LIABILITY AND LINE PACK.....	121
26. INFORMATION SHARING AND COMPLAINT RESOLUTION.....	121
27. NON-WAIVER OF FUTURE DEFAULT.....	123
28. NEGOTIATED RATES	123
29. ACQUIRED CAPACITY	126
30. OPERATIONAL CONTROL.....	126
31. GAS CONSUMED IN NEBRASKA	139
32. WAIVER.....	139

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

1.1 **AFFILIATE-SHIPPER.** “Affiliate-Shipper” shall mean an entity which, either directly or through an affiliate, participates in the equity ownership of the System or of NRC or is an affiliate of NRC. An affiliate is any person which directly or indirectly through one or more intermediaries, controls or is controlled by or under common control with another person.

1.2 **AGREEMENT.** “Agreement” shall mean a transportation agreement subject to, as applicable, Rate Schedule FTS or Rate Schedule ITS.

1.3 **BUSINESS DAY.** “Business Day” shall mean a period from eight o’clock (8:00) a.m. to four-thirty o’clock (4:30) p.m. Central Clock Time Monday through Friday, excluding Federal Banking Holidays.

1.4 **COMMISSION.** “Commission” shall mean the Nebraska Public Service Commission or any commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers which are exercisable by the Nebraska Public Service Commission.

1.5 **CONTRACT DEMAND.** “Contract Demand” shall mean the MDQ as set forth in an Agreement.

1.6 **DAY.** “Day” shall mean a period from nine o’clock (9:00) a.m. to nine o’clock (9:00) a.m. Central Clock Time.

1.7 **DELIVERY POINT.** “Delivery Point” shall mean any point at which NRC delivers to or for the account of Shipper, gas which has been transported by NRC under an Agreement.

1.8 **DTH.** The term “Dth” shall mean one million (1,000,000) Btus and is equivalent to one (1) MMBtu.

GENERAL TERMS AND CONDITIONS

1.9 ELECTRONIC DATA INTERCHANGE (“EDI”). The term “EDI” shall mean Electronic Data Interchange.

1.10 EQUIVALENT VOLUMES. “Equivalent Volumes” shall mean the sum of the volumes of gas measured in Dth received by NRC for the account of Shipper at all the Receipt Points on the System during any given period of time:

(a) reduced by (i) Shipper’s pro rata share of Fuel Gas and Unaccounted For Gas resulting from the operations of NRC hereunder during the same period of time, and (ii) any gas vented as provided in Section 3.6 of these General Terms and Conditions during the same period of time; and

(b) adjusted for any variations in Btu content, as corrected for any water vapor in excess of five (5) pounds per million (1,000,000) cubic feet of gas for receipts from Trailblazer or in excess of seven (7) pounds per million (1,000,000) cubic feet of gas for receipts from KMIT.

In determining Equivalent Volumes for redelivery, NRC shall formulate a thermal balance periodically evaluating inputs to, and deliveries from, the System (“Thermal Balance”). Except as provided in Section 28 of these General Terms and Conditions, NRC shall retain in kind Fuel Gas and Unaccounted For Gas which shall be determined pro rata to the actual Btus of gas delivered by each Shipper to NRC during the period covered by the Thermal Balance; provided, however, that Unauthorized Overrun Gas delivered by Shipper to NRC which is vented under Section 3.6 of these General Terms and Conditions shall not be included in the determination of any such amount of retained in kind Fuel Gas and Unaccounted For Gas. Notwithstanding anything herein to the contrary, upon the mutual agreement of NRC and Shipper, in lieu of NRC retaining gas in kind, Shipper may reimburse NRC for Fuel Gas and

GENERAL TERMS AND CONDITIONS

Unaccounted For Gas at a mutually agreed upon price. The intent of the parties is that the total quantity of gas delivered under this Tariff at the Delivery Point(s) after transportation shall be the thermal equivalent of the quantity of gas received at the Receipt Point(s) for transportation, after reduction and adjustment as provided above.

1.11 EXISTING SHIPPER. “Existing Shipper” shall mean those entities which have an effective Contract Demand pursuant to the provisions of an executed Agreement with NRC; provided, however, that Affiliate-Shippers shall be considered to be Existing Shippers upon execution of an Agreement.

1.12 GAS. “Gas” shall mean combustible hydrocarbon gas comprised primarily of methane.

1.13 HEATING VALUE. The term “Heating Value” shall mean the number of Btus per cubic feet of gas at the base condition of 14.73 psia 60 degrees Fahrenheit (60° F.) dry. The Btu value will be determined utilizing the complete actual composition of the gas according to the methods in GPA Standard 2172-96, titled “Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compositional Analysis,” and corrected to the base conditions. For reporting purposes, Btu conversion factors will be reported to not less than three (3) decimal places and Pressure Base conversion factors will be reported to not less than six (6) decimal places. For calculation purposes, not less than six (6) decimal places will be used for both conversion factors.

1.14 INTERACTIVE WEBSITE. The term “Interactive Website” shall mean the interactive internet web site maintained by NRC for communication regarding its transportation service, as more fully described in Section 13 of these General Terms and Conditions.

1.15 KINDER MORGAN INTERSTATE GAS TRANSMISSION, LLC. “Kinder

GENERAL TERMS AND CONDITIONS

Morgan Interstate Gas Transmission, LLC” (“KMIGT”) shall mean the interstate pipeline with which NRC interconnects near Grand Island, Nebraska.

1.16 MCF. “Mcf” shall mean one thousand (1,000) cubic feet of gas.

1.17 MDQ. “MDQ” shall mean the maximum daily quantity of gas which NRC is obligated to receive or deliver at each Receipt or Delivery Point or in the aggregate, as specified in the Agreement.

1.18 MONTH. “Month” shall mean the period beginning on the first day of any calendar month and ending on the first day of the next succeeding calendar month.

1.19 NEGOTIATED RATE. “Negotiated Rate” shall mean a rate which NRC and Shipper have agreed will be charged for the service under Rate Schedule FTS or ITS which rate may at all times or from time to time exceed the maximum rate for service under Rate Schedule FTS or ITS, as applicable.

1.20 NEGOTIATED RATE FORMULA. “Negotiated Rate Formula” shall mean a rate formula which NRC and Shipper have agreed will be applied to service under Rate Schedule FTS or ITS which may result in a rate which at all times or from time to time exceeds the maximum rate for service under Rate Schedule FTS or ITS, as applicable.

1.21 NOMINATION. “Nomination” shall mean the written requests for transportation submitted pursuant to Section 7 of these General Terms and Conditions.

1.22 OPERATIONAL BALANCING AGREEMENT (“OBA”). “Operational Balancing Agreement” (“OBA”) shall mean a contract between NRC and the party operating the facilities at a point or points of interconnection with NRC’s System which describes the manner in which differences between actual flows and nominated quantities will be resolved between NRC and the other party.

GENERAL TERMS AND CONDITIONS

1.23 OVERRUN GAS. “Overrun Gas” shall mean those volumes of gas tendered for transportation by Shipper on any day in excess of its currently effective Contract Demand or MDQ, to the extent such gas is scheduled under Section 7 of these General Terms and Conditions.

1.24 PROSPECTIVE SHIPPER. “Prospective Shipper” shall mean those entities which do not have a currently effective Contract Demand.

1.25 RECEIPT POINT. “Receipt Point” shall mean any point at which gas is tendered by or for the account of Shipper to NRC for transportation as specified in an Agreement or as applicable to service under such Agreement by operation of this Tariff.

1.26 RECOURSE RATE. “Recourse Rate” shall mean the applicable maximum rate which would apply to the service but for the rate flexibility allowed under Section 28 of these General Terms and Conditions.

1.27 REQUESTS FOR CAPACITY. “Requests for Capacity” as used in Section 2 of these General Terms and Conditions shall mean a written request by any Prospective Shipper for capacity or by an Existing Shipper for additional capacity under Rate Schedule FTS.

1.28 SHIPPER. “Shipper” may refer to Existing Shippers, Prospective Shippers, FTS Shippers, or ITS Shippers, individually or collectively, depending on the context. In addition, in a given context, Shipper may refer to an entity which is seeking to become a Shipper.

1.29 STANDARD REPORTING BASIS. The standard reporting basis for Btu is 14.73 psia and 60° F. (101.325 kPa and 15° C, and dry). The standard reporting basis for gas volumes is cubic foot at standard conditions of 14.73 psia, 60° F., and dry.

1.30 SYSTEM. “System” shall mean the pipeline and any compression, regulation, metering and related facilities owned by NRC.

GENERAL TERMS AND CONDITIONS

1.31 TRAILBLAZER PIPELINE COMPANY. “Trailblazer Pipeline Company” (“Trailblazer”) shall mean the interstate pipeline with which NRC interconnects near Clay Center, Nebraska.

1.32 UNACCOUNTED FOR GAS. “Unaccounted For Gas” (sometimes referred to as “L&U”) shall mean the thermal equivalent of the difference between the sum of all Btus delivered to NRC for transportation by all Shippers and the sum of all Btus redelivered to all Shippers under this Tariff, which difference shall include but shall not be limited to gas vented (other than gas vented pursuant to Section 3.6 of these General Terms and Conditions) and gas lost as a result of an event of Force Majeure, the ownership of which cannot be reasonably identified, but shall not include Fuel Gas. Each Shipper shall provide such Unaccounted For Gas pro rata to the actual Btus of gas delivered by such Shipper to NRC during the period covered by the thermal balance; provided, however, that each Shipper shall be responsible for Unauthorized Overrun Gas delivered by Shipper to NRC which is vented under Section 3.6 of these General Terms and Conditions. Upon the mutual agreement of NRC and Shipper, in lieu of NRC retaining gas in kind, Shipper may reimburse NRC for Unaccounted For Gas at a mutually agreed upon price.

1.33 UNAUTHORIZED OVERRUN GAS. “Unauthorized Overrun Gas” shall mean Overrun Gas not accepted by NRC for scheduling pursuant to Section 7 of these General Terms and Conditions.

1.34 YEAR. “Year” shall mean a period of three hundred sixty-five (365) consecutive days or three hundred sixty-six (366) consecutive days if such period includes February 29.

2. EXPANSION OF THE SYSTEM

NRC may be willing to expand the System to make capacity available to a Shipper under Rate Schedule FTS whenever such an expansion is deemed, in NRC’s sole judgment, economically

GENERAL TERMS AND CONDITIONS

and technically feasible, subject to the following conditions:

- (a) NRC does not have adequate unutilized capacity in the System to accommodate the Nominations and/or Requests for Capacity of Existing and/or Prospective Shippers accepted by NRC pursuant to this Tariff.
- (b) NRC has received an executed revised Agreement from each Existing and/or Prospective Shipper requesting capacity such that the total Contract Demands of all Existing and/or Prospective Shippers under executed Agreements substantially equals the prospective new System capacity.
- (c) The nature, extent and timing of facilities required for any expansion shall be at the sole discretion of NRC.
- (d) NRC receives acceptable assurance that Shipper requesting additional capacity meets the credit criteria set forth herein.

3. PRIORITY OF SERVICE**3.1 ALLOCATION OF CAPACITY**

(a) **GENERAL.** This Section 3.1 governs the allocation of firm capacity on NRC's System among entities requesting firm services. In assigning priority to otherwise valid requests for any particular firm service, NRC shall afford priority based on rate, term, and volume, applying consistent and objective economic criteria. Such criteria shall be consistent with Section 3.1(c) of these General Terms and Conditions. In applying such criteria where a Negotiated Rate or Negotiated Rate Formula is involved, the value assigned to a request which includes a Negotiated Rate or Negotiated Rate Formula shall be limited by the Recourse Rate as provided in Section 28 of these General Terms and Conditions. NRC shall not be required to grant otherwise valid requests at

GENERAL TERMS AND CONDITIONS

less than the applicable maximum rate, but may do so on a non-discriminatory basis.

(b) CAPACITY AWARD PROCEDURES. This Section 3.1(b), together with Sections 3.1(c) and 14 of these General Terms and Conditions, sets out the procedures to be followed by NRC in awarding all firm forward-haul transmission capacity becoming available on its System; provided, however, that these procedures do not apply to the initial allocation of such firm capacity created by the construction of new facilities (including both extensions and expansions of NRC's System).

(1) INITIAL OPEN SEASON. NRC shall conduct an Initial Open Season for all firm forward-haul transmission capacity becoming available on its System; provided, however, that the Initial Open Season procedure shall not apply (and the capacity shall not be considered as available or becoming available) where an existing Shipper has the right of first refusal or other rollover right under Section 14 of these General Terms and Conditions unless and until all such rollover rights have expired or, if the right of first refusal is exercised, the right of first refusal process has concluded and the capacity has not been awarded.

(i) An Initial Open Season shall be conducted so that the open season concludes and any firm capacity award in the open season can be made at least two (2) Business Days before the date the firm capacity becomes available. Such capacity may not be awarded, except as otherwise provided in this Section 3.1 or Section 14 of these General Terms and Conditions, until after an Initial Open Season has been conducted. In the event of a tie in the first Initial Open Season, available capacity shall be allocated pro rata based on the MDQs requested, subject

GENERAL TERMS AND CONDITIONS

to any minimum proration quantity stated in the bid.

(ii) In any Initial Open Season, the minimum posting and bidding period applicable to firm capacity available for less than one (1) year is from nine o'clock (9:00) a.m. to two o'clock (2:00) p.m. Central Clock Time on a Business Day and the minimum posting and bidding period for firm capacity available for one (1) year or longer is four (4) Business Days, with the minimum posting periods each day being from nine o'clock (9:00) a.m. to two o'clock (2:00) p.m. Central Clock Time.

(iii) The posting for an Initial Open Season shall include the following items:

(A) The bidding procedure to be used, including an explanation of how bids are to be submitted, a bid form, instructions for satisfying the request criteria under the applicable rate schedule, and the complete bid evaluation criteria consistent with this Section 3.1.

(B) The timetable for posting and bidding, which timetable must be consistent with Section 3.1(b)(1)(ii) of these General Terms and Conditions.

(C) The type, location, duration and amount of firm capacity to be covered by the Initial Open Season and the date on which such firm capacity will be available.

(D) Contingencies, if any, which will be accepted in open season bids.

GENERAL TERMS AND CONDITIONS

(E) Any other bid requirements, conditions, criteria, restrictions or parameters.

(iv) In the Initial Open Season, all bids must be submitted in the basic rate design then in effect on NRC's System and are constrained by the applicable maximum rate. Except as provided in the Notice of Open Season, no bid with rates in the form of a Negotiated Rate or Negotiated Rate Formula will be valid in an Initial Open Season.

(v) Unless otherwise specified in the posting, a bidder may bid on all or any portion of the term for which the firm capacity is available and on all or any portion of the capacity available. NRC shall make firm capacity available without any term limit unless either that firm capacity is committed at some future time under a then-existing contract or that firm capacity is operationally available only for a limited period of time. Any term limit shall reflect such a contractual or operational constraint. NRC shall specify any such term limit, and the reason for the term limit, in the posting. NRC may only impose minimum volume, geographical or term requirements on bids for operational reasons, such as maintaining pressure or sustaining the minimum level of prudent facility operations on any affected portion(s) of its System.

(vi) NRC shall have the right to terminate an Initial Open Season through a termination posting if there is a material error in the Initial Open Season posting, which error shall be explained in the termination posting. NRC shall have the right to extend an Initial Open

GENERAL TERMS AND CONDITIONS

Season for good cause, as explained in the extension posting, or as specified in the original Initial Open Season posting.

(vii) All bids received during the open season period remain binding on the bidder through the end of the open season unless withdrawn by bidder. A bidder may withdraw its bid at any time during the open season, utilizing the same medium through which a bid can be submitted. A bidder which has withdrawn a bid may submit a bid with a higher value during the open season, but neither that bidder nor any of its affiliates may submit during that open season a bid with a lower value than the withdrawn bid [value is to be determined applying the criteria in Section 3.1(c) of these General Terms and Conditions, consistent with the posting for that open season], except if the withdrawn bid was withdrawn due to a material error. A bidder may withdraw a bid for a material error by notifying NRC by the deadline for bids that the bid contains a material error, which notification shall explain the material error. If an open season is extended, a bidder is free to submit a new bid without restriction in the extended open season even if that bidder withdrew its bid in the original open season. If a bidder withdraws its bid in an extended open season, the same rules as in an original open season apply to that bidder. At the end of any open season, all bids either withdrawn or not accepted shall be deemed null and void.

(viii) Once firm capacity has been subject to an Initial Open Season, NRC is not required to hold any further Initial Open Season for

GENERAL TERMS AND CONDITIONS

that capacity until it again becomes available through the expiration of the contracts covering that capacity entered into under this Section 3.1(b) and any rollover contract under Section 14 of these General Terms and Conditions.

(2) REQUEST PROCEDURE. For firm capacity which is not awarded in the Initial Open Season process and for existing firm capacity which is not subject to the Initial Open Season process or to Section 14 of these General Terms and Conditions, NRC may award such capacity through either the Request Procedure in this Section 3.1(b)(2) of these General Terms and Conditions or the Additional Open Season Procedure in Section 3.1(b)(3) of these General Terms and Conditions.

(i) NRC may award such firm capacity in response to requests for firm service in writing or on its Interactive Website which conform to the requirements in the applicable rate schedule for valid requests (including meeting credit criteria). Requests may be unsolicited or pre-negotiated, but no communication will be considered a request under this Tariff unless it constitutes a valid request for service consistent with the applicable rate schedule and has been submitted in writing or via NRC's Interactive Website.

(ii) Requests for firm capacity will be binding on the entity requesting firm capacity for five (5) Business Days unless the request states a shorter time period or until the request is accepted or rejected by NRC, whichever occurs first. NRC shall respond to any request for firm

GENERAL TERMS AND CONDITIONS

capacity within five (5) Business Days. In its request, the customer may specify that the request is binding for a stated period which is less than five (5) Business Days, but NRC shall not be obligated to respond earlier than the end of the fifth Business Day. Unless granted by NRC, all requests submitted are void effective the earlier of the time when NRC rejects the request or five (5) Business Days after the request is submitted. NRC cannot grant any request which has become void, but a request becoming void under this Tariff is without prejudice to any future request by that Shipper or any other Shipper.

(iii) The rate form under a request may be either the basic rate design then in effect on NRC's System or a Negotiated Rate or Negotiated Rate Formula rate form.

(iv) NRC is not obligated to award firm capacity based on a request at less than the applicable maximum rate, but any capacity award must be consistent with Section 3.1(c) of these General Terms and Conditions if there are competing valid requests pending. For purposes of applying the evaluation criteria in Section 3.1(c) of these General Terms and Conditions, only pending valid requests which have not become void under (ii) are considered to be competing.

(v) Requests shall not be accepted or valid as to any firm capacity which is subject to an Initial Open Season or an Additional Open Season during any period between the posting of that open season and the award of capacity (or the decision not to award capacity) under that open

GENERAL TERMS AND CONDITIONS

season.

(3) ADDITIONAL OPEN SEASON PROCEDURE.

(i) If available capacity has not been awarded in the Initial Open Season, NRC may at any time elect to hold an Additional Open Season for that capacity.

(ii) The posting requirements and minimum posting and bidding periods for an Additional Open Season shall be the same as for an Initial Open Season under Section 3.1(b)(1) of these General Terms and Conditions, except that NRC will post any additional items necessary to comply with this Section 3.1(b)(3) of these General Terms and Conditions.

(iii) In the Additional Open Season, NRC may make firm capacity available only for a specified term or range of terms, which limitation must be included in the posting.

(iv) In the Additional Open Season, bids may be on a Negotiated Rate or Negotiated Rate Formula basis to the extent specified in the posting. NRC may limit the form of Negotiated Rate or Negotiated Rate Formula submitted, in which case that limitation must be reflected in the posting. Bids may always be submitted in the basic rate design then in effect on NRC's System at the applicable maximum rate.

(4) CONDITIONS ON REQUESTS AND BIDS. This subsection sets out conditions applicable to all requests and bids for firm capacity. NRC shall reject any request or bid for service which in its sole judgment: may detrimentally impact the operational integrity of NRC's System (if NRC rejects a

GENERAL TERMS AND CONDITIONS

bid or request on this basis, it will provide a written explanation of the operational basis for this action); does not satisfy all the terms of an applicable posting or tariff provision and/or does not provide all the information required by the posting of tariff provision; contains terms and conditions other than those in NRC's Tariff and/or any applicable posting; would not constitute a valid request under the applicable rate schedule (it being understood that a bid in an open season cannot be rejected for incompleteness if all information required by the bid form and applicable posting has been provided); or which is in any way inconsistent with NRC's Tariff and/or any applicable posting. Any Shipper wishing to bid in an open season or submit a request for capacity must satisfy the creditworthiness requirements in Section 12 of these General Terms and Conditions prior to submitting a bid or request. NRC shall process applications from potential bidders or requesters seeking prequalification for bids or requests they may make in the future. Credit applications shall be completed in full with all information required to establish creditworthiness under the credit criteria included in NRC's rate schedule covering the applicable service. Should a potential bidder or requester fail to satisfy such credit criteria, it may still qualify by providing a prepayment, letter of credit, security interest or guarantee satisfactory to NRC as further set forth in Section 12(b) of these General Terms and Conditions. Based on NRC's continuing review of a Shipper's financial records, NRC shall have the right to amend a Shipper's line of credit and lower or increase the quantity and term.

(5) SECTION 14 RIGHTS. The capacity allocation procedures of this

GENERAL TERMS AND CONDITIONS

Section 3.1(b) shall not apply where a Shipper is utilizing the Right of First Refusal procedures or contractual rollover rights pursuant to Section 14 of these General Terms and Conditions. Instead, the procedures in Section 14 of these General Terms and Conditions will govern the award of capacity in such instances.

(6) **CAPACITY AWARDED FOR INTERIM PERIOD.** This provision applies in situations where firm capacity is awarded commencing on a future date and such capacity is not already subject to firm contract(s) for the entire interim period before such future service commencement date.

(i) NRC may market such capacity for the interim period until service under the capacity award becomes effective.

(ii) If firm capacity is available for only an interim period for any reason (e.g., because the firm capacity is already contracted at a future date after such interim period or the firm capacity is only available physically or operationally for that interim period), then NRC may limit the rights of the Shipper awarded the capacity for that interim period. NRC will indicate in any open season posting for such capacity the limitation on rights which will apply to such firm capacity awarded for the interim period.

(c) **EVALUATION OF COMPETING BIDS AND REQUESTS.** In comparing valid bids received in an open season or in comparing two or more valid and competing pending requests for service under the Request Procedure, NRC will award firm capacity based on the highest economic value, as defined in this Section 3.1(c).

GENERAL TERMS AND CONDITIONS

(1) **HIGHEST ECONOMIC VALUE.** The highest economic value is the highest net present value of the stream of incremental revenue produced by a valid bid or request, or combination of valid bids or requests, received by NRC for firm capacity which is consistent with the reserve price where one has been established. Incremental revenue is the additional revenue NRC would collect from a Shipper under any bid or request over and above the revenue NRC would otherwise have received after taking into account any revenue lost or affected by the bid or request (i.e., where an existing capacity holder submits a bid or request which is contingent upon turnback by that existing capacity holder of an existing capacity commitment, only the value of such a bid or request net of the revenue which would be lost to NRC due to the turnback of the existing contractual commitment will be considered).

(2) **ONLY GUARANTEED REVENUE CONSIDERED.** In the determination of highest economic value, NRC shall consider only reservation charge revenue and any other guaranteed revenue under bids or requests which meet any applicable reserve price. In the case of a bid or request for firm service involving a Negotiated Rate or Negotiated Rate Formula, the rules on calculating net present value set out in Section 28 of these General Terms and Conditions shall apply.

(3) **POSTING OF CRITERIA.** NRC shall post the criteria to be used in the determination of highest economic value for comparing valid bids in any open season and for comparing pending requests which are valid and competing.

3.2 SCHEDULING OF FIRM SERVICES.

GENERAL TERMS AND CONDITIONS

(a) While firm services are not ordinarily interrupted due to lack of capacity, capacity constraints may exist from time to time or interruption of service may be necessary for certain other reasons. NRC may decline to schedule and/or may curtail firm service for any of the following reasons:

- (1) If Shipper tenders gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;
- (2) For reasons of Force Majeure;
- (3) Due to routine repair and maintenance to be reasonably determined by NRC;
- (4) Pursuant to Section 3.8 of these General Terms and Conditions;
- (5) To rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;
- (6) To maintain System integrity; or
- (7) If there is a dispute over title, ownership or right to tender or to receive gas.

Without limitation to the foregoing, NRC shall have the right to reduce receipts or deliveries of natural gas on any day below Shipper's MDQ to permit maintenance, repair, overhaul, replacement, or construction of pipelines, compressors, metering, regulating, or other transmission facilities and equipment, or to maintain System integrity; provided, however, that with respect to routine repair and maintenance, NRC will attempt to schedule such activity during a period when it will not result in curtailment to firm services, or when such curtailment will be minimized, after consulting with the Shippers which could be affected.

GENERAL TERMS AND CONDITIONS

(b) For the purposes of scheduling and curtailing gas, all firm services shall have priority within MDQ over all interruptible services. All firm services at primary points shall have equal priority to NRC's System capacity. Service requested at secondary points shall have the priority described in Section 3.3 of these General Terms and Conditions. To the extent capacity does not exist to provide for all volumes nominated by Shippers on a firm basis within MDQ at primary points and along any path defined by primary points under all firm Rate Schedules, scheduling and curtailment shall be pro rata based on the MDQ on any portion of NRC's System affected by a capacity constraint.

(c) For Shippers under all firm services, NRC shall provide notice of any curtailment or of any scheduling restriction as far in advance as feasible. NRC shall attempt to provide at least two (2) days' prior notice, unless more timely action is necessary to respond to a Force Majeure situation, to balance the Agreement to the extent consistent with the applicable Rate Schedule, or to maintain System integrity.

(d) NRC and a Shipper under any firm service may add or delete primary Delivery or Receipt Points from time to time by mutual agreement. Subject to the availability of firm capacity at the requested point, NRC shall agree to any such change in primary Delivery or Receipt Point to the extent such new point is within the transportation path of the existing primary points. At other points, NRC shall agree to a change to the extent that firm transmission and point capacity is available after taking into account existing capacity commitments under other firm Agreements. To the extent there are multiple requests at which Capacity would be constrained by fulfilling all the requests, NRC will use a net present value methodology to determine which shipper(s)

GENERAL TERMS AND CONDITIONS

will be awarded the Capacity, provided, however, that all requests by Anchor or other original negotiated rate Shippers for point capacity at an existing constrained point(s) shall be imputed to carry the same net present bid value.

(e) Firm intra-day nominations are entitled to bump scheduled interruptible volumes, as defined in Sections 3.5 and 3.6 of these General Terms and Conditions. Firm intra-day nominations are not entitled to bump already scheduled firm volumes.

3.3 SECONDARY POINTS – FIRM SERVICE.

(a) Shippers under Rate Schedule FTS shall have the right to use all Receipt and Delivery Points on NRC's System as secondary Receipt and Delivery Points. The MDQ at any secondary point shall be equal to the aggregate MDQ. The priority of service at secondary points under Rate Schedule FTS shall be governed by the remainder of this Section 3.3 of these General Terms and Conditions.

(b) Service at the secondary Receipt and Delivery Points shall be provided to the extent capacity is available at such points after all nominations for primary point service under all of NRC's firm Agreements have been satisfied. Except as provided in the following sentence, secondary point service in excess of a Firm Shipper's secondary point MDQ shall be provided and scheduled as interruptible overrun service. Confirmed nominations in excess of MDQ by an Anchor Shipper under such Shipper's FTSA ("Anchor-Shipper Authorized Overrun Service"), including service at secondary points, shall have priority over all interruptible service, including overrun service for non-Anchor Shippers. Unless a capacity constraint exists at the point, a secondary point nomination at a point within a path created by Shipper's primary points shall be treated the same as a nomination by Shipper at a primary point. For a secondary point outside

GENERAL TERMS AND CONDITIONS

such a path, service at the point and service to or from the point shall have priority over interruptible service but shall be subordinate to nominations for primary point service.

Service to or from such a secondary point outside the path shall also be subordinate to secondary point service within the path to the extent both services utilize the same capacity. If a capacity constraint exists at the point, subsection (c) shall govern. If a capacity constraint exists on a path, subsection (d) shall govern. Secondary point service shall not be subject to curtailment or allocation, except as set out in Section 3.2(a) of these General Terms and Conditions, if no capacity constraint exists at the point or path on any segment to or from the point or path.

(c) If nominations by all Shippers for secondary point service for which such Shippers are eligible exceed NRC's available capacity at any secondary point, available capacity shall be allocated and scheduled pro rata based on each Shipper's confirmed nomination, within MDQ, at the secondary point. If curtailment is necessary, such curtailment shall be pro rata based on each Shipper's confirmed nomination, within MDQ, at that secondary point. Shippers utilizing points within the primary path as secondary service shall have a higher priority than Shippers utilizing points outside the primary path as secondary service. This priority applies for service at constrained points and paths.

(d) If nominations by all Shippers for secondary point service for which such Shippers are eligible exceed NRC's available capacity on the applicable path, available capacity shall be allocated and scheduled pro rata based on a Shipper's confirmed nominations within MDQ. If curtailment is necessary, such curtailment shall be pro rata based on a Shipper's confirmed nominations, within MDQ, for the applicable path.

GENERAL TERMS AND CONDITIONS

Shippers utilizing points within the primary path as secondary service shall have a higher priority than Shippers utilizing points outside the primary path as secondary service. This priority applies for service at constrained points and paths.

(e) Properly submitted and confirmed firm service nominations at primary points will supersede any secondary point service. Properly submitted and confirmed nominations at secondary points within a path created by primary points will supersede secondary point service outside the path unless the capacity constraint is only at the point. Confirmed nominations within MDQ at a secondary point by a holder of firm service will interrupt service at that point under any interruptible Rate Schedule.

(f) The primary Receipt and Delivery Points define the primary path(s).

(g)(1) A Shipper under the FTS Rate Schedule nominating a secondary Delivery Point within the Shipper's primary path shall pay only the Commodity Charge under the FTS Rate Schedule for the Dth of gas delivered at the secondary Delivery Point, plus Unaccounted For Gas and any surcharges applicable to such Shipper's service under this Tariff, the FTS Rate Schedule and/or the Shipper's FTSA.

(2) A Shipper under the FTS Rate Schedule nominating a secondary Delivery Point outside the Shipper's primary path but within the Zone for the Shipper's primary Delivery Point shall pay only the Commodity Charge under the FTS Rate Schedule for the Dth of gas delivered at the secondary Delivery Point, plus Unaccounted For Gas and any surcharges applicable to such Shipper's service under this Tariff, the FTS Rate Schedule and/or the Shipper's FTSA.

(3) A Shipper under the FTS Rate Schedule nominating a secondary Delivery Point outside the Zone in which the Shipper's primary Receipt Point is located shall pay

GENERAL TERMS AND CONDITIONS

the Commodity Charge under the ITS Rate Schedule for the Dth of gas delivered at the secondary Delivery Point, plus Unaccounted For Gas and any Surcharges applicable to such Shipper's service under this Tariff, the ITS Rate Schedule and the Shipper's FTSA.

3.4 INTERRUPTIBLE AND OVERRUN SERVICES; PRIORITY OF SERVICE.

This Section 3.4 governs the priority of interruptible services, including overrun, other than secondary point services under FTSA's, on NRC's System. All interruptible services, including overrun, shall have priority for capacity in accordance with the procedures set out in this Section 3.4.

(a) Service within MDQ under any FTSA shall have priority over all interruptible and overrun services. Confirmed nominations within MDQ under any FTSA, including service at secondary points, shall have priority over all interruptible service and overrun services. Confirmed nominations in excess of MDQ by an Anchor Shipper under such Shipper's FTSA (Anchor-Shipper Authorized Overrun Service), including service at secondary points, shall have priority over all interruptible service, including other overrun services. If more than one Anchor Shipper tenders gas at a point, receipts shall be allocated among such Shippers in accordance with the sequences set out in the remainder of this Section 3.4.

(b) NRC's interruptible transportation service, including overrun service, shall be provided to the extent capacity is available after scheduling all of NRC's firm transportation service at primary and/or secondary points under FTSA's and Anchor-Shipper Authorized Overrun Service (scheduling of which services is covered by Section 3.3 of these General Terms and Conditions). NRC may decline to schedule and/or may curtail interruptible service for any of the following reasons:

GENERAL TERMS AND CONDITIONS

- (1) If Shipper tenders gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;
- (2) For reason of Force Majeure;
- (3) Due to routine repair and maintenance to be reasonably determined by NRC;
- (4) Pursuant to Section 3.8 of these General Terms and Conditions;
- (5) To rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;
- (6) To maintain System integrity;
- (7) If there is a dispute over title, ownership or right to tender or receive gas; or
- (8) If capacity is required to provide a service with higher priority.

(c)(1) If nominations under interruptible Agreements on any day exceed NRC's available capacity on that day to provide such services, NRC shall, to the extent possible given the priorities imposed by upstream or downstream transporters, allocate available capacity as set out in this subsection (b) among Shippers which have executed interruptible Agreements.

- (i) NRC shall schedule interruptible services (including authorized overrun) in accordance with this paragraph.
- (ii) NRC shall give highest scheduling priority to authorized overrun service of Anchor Shippers. If there is insufficient capacity to schedule authorized overrun service of all Anchor Shippers, NRC shall allocate the available capacity among Anchor Shippers pro rata based on the confirmed

GENERAL TERMS AND CONDITIONS

nomination volume.

(iii) NRC shall thereafter schedule interruptible services (including authorized overrun service for all non-Anchor Shippers) based on the rate to be paid, from highest to lowest daily rate, with service for which the highest daily rate being paid is scheduled first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate or Negotiated Rate Formula) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate or Negotiated Rate Formula is paying a higher unit rate. If there is insufficient capacity to schedule all interruptible services for which the same rate is to be paid, NRC shall allocate the available capacity pro rata based on the confirmed nomination volume.

(2) Notwithstanding Section 3.4(b)(1) of these General Terms and Conditions, NRC reserves the right, after a one (1) day notice, to interrupt service to any interruptible Shipper paying a discount rate to enable NRC to provide service to another Shipper if such service would result in a higher unit rate; provided, however, that NRC will not interrupt service to a Shipper paying the applicable maximum rate (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate or Negotiated Rate Formula) even if a Shipper which has agreed to a Negotiated Rate or a rate under a Negotiated Rate Formula would pay a higher unit rate. Within such one (1) day period, Shipper shall be allowed to increase its rate by any amount up to the applicable maximum rate specified in this Tariff. A Shipper agreeing to increase its rate under this Tariff shall be entitled to any higher priority associated with such higher rate; provided, however,

GENERAL TERMS AND CONDITIONS

that any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate or Negotiated Rate Formula) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate or Negotiated Rate Formula is paying a higher unit rate. Among Shippers paying less than the applicable maximum rate, priority shall be determined based on rate level. Among Shippers agreeing to pay the same rate as of the termination of the one (1) day notice period, the priorities set out in Section 3.4(c)(1) of these General Terms and Conditions shall apply. No Shipper may obtain a higher priority during any period of interruption to which a notice relates by agreeing to an increased rate after the end of the one (1) day notification period.

(d) NRC shall redetermine the priority of each Shipper under this Section 3.4 and reallocate capacity under this Tariff on a daily or such other periodic basis as is necessary for NRC to recognize the priority of new Shippers or any changes in the priorities of existing Shippers, to assure service to its firm Shippers and to accommodate the operational requirements of its System. The priorities under this Tariff shall be applied on an Agreement-by-Agreement basis.

(e) An Agreement under Rate Schedule ITS will include all Receipt and all Delivery Points available on NRC's System. Notwithstanding the foregoing, a Shipper may not utilize a point for which there is no regulatory authorization to receive or deliver gas under the Agreement.

3.5 CAPACITY CONSTRAINTS. If NRC experiences a capacity constraint on a portion of its System or at specific points, it shall (to the extent practicable), apply the scheduling and curtailment provisions hereof, for both firm and interruptible services, only to those Shippers

GENERAL TERMS AND CONDITIONS

with service affected by that portion of the System or at those points. NRC shall endeavor to restrict curtailment to as limited a geographical area, number of Shippers and services as reasonably feasible, given the operational capabilities of its System.

3.6 UNAUTHORIZED OVERRUN. No Shipper shall have any right to tender Unauthorized Overrun Gas. Unauthorized overruns are subject to penalty as set out in the individual Rate Schedules. To the extent NRC is unable to transport Unauthorized Overrun Gas without jeopardizing the safety of NRC's operations and/or its ability to meet its contractual obligations to other Shippers, such decisions to be solely within the judgment and discretion of NRC, NRC shall have the right to vent, without incurring any liability to Shipper, or any third party, such Unauthorized Overrun Gas as it is unable to transport. However, NRC shall use its reasonable efforts to avoid or minimize such venting.

3.7 OTHER TRANSPORTERS. NRC's application of the priorities under this Tariff shall be subject to the actions of other transporters delivering or receiving gas on behalf of Shippers.

3.8 DELINQUENCY IN PAYMENT.

(a) Irrespective of any otherwise applicable priority, NRC may suspend service to any Shipper which is delinquent in payments under any Agreement, subject to the following conditions:

(1) NRC shall give Shipper written notice of the delinquency and of NRC's intent to suspend service if the deficiency is not cured. If the delinquency is not remedied within fifteen (15) days of such notice, NRC may suspend service. NRC shall simultaneously provide written notice to the Commission of any such suspension; and

GENERAL TERMS AND CONDITIONS

(2) If a Shipper which has been deficient in payment under this Tariff is again deficient in payment within six (6) months after the prior deficiency, then NRC may suspend service to such Shipper within five (5) Business Days after providing notice under this Tariff unless Shipper remedies the deficiency within that time period.

(b) In addition to or in lieu of suspension, NRC may terminate service if the Shipper fails to remedy a delinquency in payment. Any such termination requires thirty (30) days' prior notice to Shipper and to the Commission. Such notice may be given simultaneously with the notice under Section 3.8(a)(1) or Section 3.8(a)(2) of these General Terms and Conditions. To avoid termination, the Shipper must remedy the deficiency within this notice period. NRC shall concurrently notify the Commission of any actual termination of service under this provision.

(c) In the event of a good faith billing dispute, withholding of payment for the amount in dispute by Shipper shall not be considered a delinquency in payment, consistent with Section 11 of these General Terms and Conditions.

(d) NRC may not take any action under this Section 3.8 which conflicts with any order of the U.S. Bankruptcy Court.

3.9 DETERIORATION OF CREDIT

(a)(1) If at any time NRC reasonably determines based on adequate information available to it that a Shipper is not creditworthy under Section 12.1(a) of these General Terms and Conditions or if Shipper fails to maintain assurance of future performance under Section 12.1(b) of these General Terms and Conditions, NRC may notify such Shipper in writing (which writing shall set out the basis for NRC's determination) that it

GENERAL TERMS AND CONDITIONS

has five (5) Business Days to provide NRC with security consistent with Section 12.1(b) of these General Terms and Conditions which is adequate to cover all charges for two month's advance service. In addition, within thirty (30) days after such notification, the Shipper must fully comply with the means for adequate assurance of future performance, covering three (3) full months of advance service from the end of such 30-day notice period, as provided under Section 12.1(b) of these General Terms and Conditions. If the Shipper has not satisfied the requirements in either of the prior two (2) sentences by the end of the specified prior notice period, NRC may immediately suspend service to Shipper. NRC may terminate service once it has complied with the procedures in Section 3.9(d) of these General Terms and Conditions, including the requisite prior notice.

(2) If NRC does not have sufficient information to determine whether a Shipper is creditworthy, it may request additional information in writing from the Shipper consistent with Section 12.1(a) of these General Terms and Conditions, and Shipper must provide such information within five (5) Business Days. If Shipper fails to provide the requested information or if NRC determines that the Shipper is not creditworthy based on such information, Section 3.9(a)(1) of these General Terms and Conditions shall apply for suspension of service and Section 3.9(d) of these General Terms and Conditions shall apply for termination of service.

(b) Any suspension of service under this Tariff may continue until NRC is reasonably satisfied that Shipper is creditworthy under Section 12.1(a) of these General Terms and Conditions, until Shipper has provided adequate assurance of future performance under Section 12.1(b) of these General Terms and Conditions or until NRC terminates services under Section 3.9(d) of these General Terms and Conditions.

GENERAL TERMS AND CONDITIONS

(c) At any time after a Shipper is determined to be noncreditworthy by NRC, the Shipper may initiate a creditworthiness re-evaluation by NRC. Such reevaluation shall be performed consistent with Section 12.1(a) of these General Terms and Conditions. As part of the Shipper's re-evaluation request, the Shipper must either update or confirm in writing the prior information provided to NRC related to the Shipper's creditworthiness. Such update should include any event(s) that the Shipper believes could lead to a material change in the Shipper's creditworthiness. After NRC's receipt of a Shipper's request for re-evaluation, including all required information specified above, within five (5) Business Days, NRC shall provide a written response to the Shipper's request. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for NRC's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of Shipper's request unless specified in this tariff or if the parties mutually agree to some later date. If NRC determines that Shipper is now creditworthy, any security required under Section 12.1(b) of these General Terms and Conditions shall be terminated and any prepayment amounts (including any applicable interest) released to Shipper from escrow within five (5) Business Days after such determination.

(d) In addition to or in lieu of suspension, NRC may terminate service if the Shipper fails to provide adequate assurance of future performance consistent with Section 12.1(b) of these General Terms and Conditions. Any such termination requires thirty (30) days' prior notice to Shipper and to the Commission. Such notice may be given

GENERAL TERMS AND CONDITIONS

simultaneously with the notice provided for in Section 3.9(a)(1) of these General Terms and Conditions. To avoid termination, the Shipper must satisfy Section 12.1(b) of these General Terms and Conditions within this notice period.

(e) In addition to any prior notice provided for above, NRC shall simultaneously notify the Commission in writing of any suspension or termination of service under this Section 3.9.

(f) NRC may not take any action under this Section 3.9 which conflicts with any order of the U.S. Bankruptcy Court.

4. RECEIPT POINTS

4.1 FACILITIES AT RECEIPT POINTS. Unless otherwise agreed by NRC, NRC shall own, operate and maintain all pipeline and measurement facilities necessary to receive and measure gas under this Tariff. In the event any such facilities are installed by NRC, Section 6 of these General Terms and Conditions shall apply.

4.2 OBLIGATION. NRC's maximum obligation to receive gas at the Receipt Point(s) under the Agreement shall never exceed the lesser of:

- (a) the applicable MDQ under the Agreement in the aggregate or at individual points, as specified in the Agreement or as applicable at such point under this Tariff; or
- (b) the total daily volume Shipper or its designee is able and willing to tender at the Receipt Point(s).

4.3 LOCATION. Unless otherwise described in the Agreement, the Receipt Point(s) for transportation Agreements shall be located at the interconnection between the facilities of KMIGT or Trailblazer and the facilities of NRC.

5. DELIVERY OF GAS FOR THE ACCOUNT OF SHIPPER

GENERAL TERMS AND CONDITIONS

5.1 **DELIVERY VOLUMES.** Commencing on the date of first acceptance by NRC of natural gas delivered by or on behalf of Shipper at the Receipt Point(s) pursuant to an Agreement, and continuing thereafter during the term of that Agreement, NRC shall deliver Equivalent Volumes, or cause Equivalent Volumes to be delivered in uniform hourly amounts to Shipper, or to a mutually agreeable third party for Shipper's account, at the Delivery Point(s) described in the Agreement or applicable to the Agreement under this Tariff. In determining Equivalent Volumes, NRC shall retain gas in kind for Fuel Gas and Unaccounted For Gas, based on the method set out in Section 1.9 of the General Terms and Conditions of this Tariff.

5.2 **DELIVERY FACILITIES.** Unless otherwise agreed by NRC, NRC shall own, operate and maintain all pipeline and measurement facilities necessary to deliver and measure gas under this Tariff. In the event any such facilities are installed by NRC, Section 6 of these General Terms and Conditions shall apply.

5.3 **OBLIGATIONS.** NRC's maximum obligation to deliver gas at the Delivery Point(s) under an Agreement shall never exceed the lesser of: (a) the applicable MDQ under the Agreement in the aggregate or at each point as specified in the Agreement or as applicable to any point under this Tariff; or (b) the total daily volume Shipper or its designee is willing and able to receive at the Delivery Point(s).

5.4 **LOCATION.** Unless otherwise described in an Agreement, the Delivery Point(s) for transportation Agreements shall be located at the interconnection between the facilities of Shipper or its designee and the facilities of NRC.

6. NEW FACILITIES CHARGE

6.1 **GENERAL.** When new and/or expanded facilities are required to accommodate receipt and/or delivery of gas under a request for new service, and NRC determines that

GENERAL TERMS AND CONDITIONS

installation of such facilities will not impair service to any Existing Shipper or threaten the integrity of NRC's System, NRC will construct such facilities but NRC shall require Shipper to pay all construction costs, including any filing fees and a reimbursement amount to compensate for federal income tax effects associated with such facilities, except that NRC will pay the cost of such facilities when the criteria set forth below are satisfied.

6.2 COSTS PAID BY NRC.

(a) NRC may agree to pay the cost of the modification or construction of facilities required at Receipt or Delivery Point(s) to effectuate the receipt or delivery of natural gas under this Tariff when the construction or modification of such facilities is economically beneficial to NRC.

(b)(1) For the purposes of determining whether a gas supply project is economically beneficial to NRC, NRC will evaluate each prospective project based upon the amount of the reserves and deliverability characteristic of the gas supply to be attached. Facility additions at Receipt Points shall be evaluated based upon the incremental cost of service of the facilities to be constructed by NRC, and the incremental revenues which NRC estimates will be generated as a result of constructing and/or modifying such facilities.

(2) For the purposes of determining whether a project to deliver gas is economically beneficial to NRC, NRC will evaluate each prospective project based upon the incremental cost of service of the facilities to be constructed by NRC, and the incremental revenues which NRC estimates will be generated as a result of constructing and/or modifying such facilities.

(3) In estimating the incremental revenues to be generated, NRC will base

GENERAL TERMS AND CONDITIONS

those revenues upon transportation rates it expects to be able to charge, exclusive of any surcharges, and the projected incremental volumes which will result from the project.

NRC will consider volumes to be incremental if the volumes which will be transported would not otherwise flow through NRC's System.

(4) Based on the above listed criteria, the economic value of a project shall be determined using the discounted cash flow rate of return methodology with the minimum acceptable rate of return to be established from time to time by NRC. The minimum acceptable rate of return in effect at a particular shall be made available by NRC to Shipper upon request. When the present value of the incremental revenues from the project is greater than the present value of the incremental cost of service by more than a de minimis amount, NRC may agree to pay for the cost of the contemplated facilities. When the present value of the incremental revenues from the project is either a de minimis amount or less than the present value of the incremental cost of service or when NRC declines to pay for the cost of the contemplated facilities, Shipper shall pay for the cost of the contemplated facilities.

6.3 CONTRIBUTION IN AID OF CONSTRUCTION. Any contribution in aid of construction ("CIAC") pursuant to this Section 6 shall be increased by an amount (hereinafter the "Tax Reimbursement") to compensate for the corporate income tax effects thereof, according to the following formula:

$$\text{Tax Reimbursement} = [\text{Tax Rate} \times (\text{CIAC} - \text{Present Value of Tax Depreciation})] \times [1 + \{\text{Tax Rate}/(1 - \text{Tax Rate})\}].$$

6.4 SHIPPER REIMBURSEMENT. When NRC has previously paid for Receipt or Delivery Point facilities under this facilities reimbursement policy, Shipper shall, nevertheless, promptly pay NRC for NRC's net book value of such facilities when either of the following

GENERAL TERMS AND CONDITIONS

events occurs: (a) when NRC's ability to fully recover such costs is denied in any rate proceeding; or (b) when Shipper ceases operations at the facilities.

7. NOMINATION/REPORTING AND BALANCING**7.1 GENERAL.**

(a) When Shipper desires service, Shipper shall furnish to NRC a separate nomination for each nominated Receipt and Delivery Point under each Agreement with a beginning and end date, or beginning hour, if applicable, for flow which can be for any duration within the term of the applicable Agreement; provided, however, any such separate nomination shall not be binding to the extent Shipper submits subsequent nomination(s). All nominations shall be considered original nominations and shall be changed by means of a subsequent nomination. When a nomination for a date range is received, each day within that range shall be considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination shall be deemed to be superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination shall be unaffected. Nominations shall have a prospective effect only.

(b) A rollover option is available such that a Shipper shall have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of the Shipper's contract. All nominations shall be based on a daily quantity and all volumes shall be expressed in Dth per day and shall be stated for each Receipt and Delivery Point.

(c) If an upstream or downstream party requires additional information, if the

GENERAL TERMS AND CONDITIONS

volumes transported are subject to a discounted rate, or if additional information is otherwise required by NRC, then, upon notification by NRC, Shipper must include in each nomination such additional information as is specified by NRC. Nominations must be submitted to NRC through NRC's Interactive Website, or such other electronic means as are mutually agreed upon by NRC and Shipper. The sending party should adhere to nomination, confirmation and scheduling deadlines. The receiving party may waive, on a non-discriminatory basis, any submittal deadline in this Section 7.

(d) The standard quantity for nominations, confirmation and scheduling is dekatherms (Dth) of gas per day.

7.2 STANDARD NOMINATION CYCLES. NRC supports the following "Timely Nomination Cycle":

11:30 a.m. for nominations leaving control of the nomination party;

11:45 a.m. for receipt of nominations by NRC;

12:00 noon to send Quick Response;

3:30 p.m. for receipt of completed confirmations by NRC from upstream and downstream connected parties;

4:30 p.m. for receipt of scheduled quantities by shipper and point operator

(Central Clock Time on the day prior to flow).

7.3 TIMELY NOMINATIONS.

(a) Timely nominations are nominations submitted consistent with the nomination cycle set out in Section 7.2 of these General Terms and Conditions.

(b) Nominations received after the timely nomination deadline will be scheduled by NRC on a reasonable efforts basis after the nominations received by that

GENERAL TERMS AND CONDITIONS

deadline.

7.4 REQUIRED NOMINATION CHANGES. If estimated daily flows under a particular transportation Agreement differ from the confirmed nominations, or if an imbalance has occurred due to some other reason, then prospective nomination change(s) (either receipt or delivery adjustments) may be required to bring the receipt and delivery volumes into balance. When a Shipper receives notification of a required change in the nomination, the Shipper shall be responsible for informing upstream and downstream parties of the prospective change and providing NRC with a nomination as required in accordance with Section 7.2 of these General Terms and Conditions.

7.5 CONFIRMATION BY NRC.

(a) Nominations made in accordance with Sections 7.2, 7.3, 7.4, and 7.6 of these General Terms and Conditions shall not become effective until NRC has confirmed the nominated receipts and deliveries with upstream and downstream parties, subject to Section 7.5(c) of these General Terms and Conditions. Shipper shall designate the appropriate person(s) who has the authority to resolve allocation issues, if requested by NRC and, if requested by NRC, the appropriate person(s) to confirm nominations. Confirmations must be submitted to NRC through its Interactive Website, or such other electronic means as are mutually agreed upon by NRC and Shipper.

(b) Subject to Section 7.2 of these General Terms and Conditions and the other provisions of this Tariff, NRC shall provide Shippers and point operators via its Interactive Website, or by EDI, the quantities that have been scheduled to flow for that Shipper and point operator on the next day.

(c) Default confirmation procedures are as follows:

GENERAL TERMS AND CONDITIONS

(i) With respect to the timely nomination/confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the lesser of the confirmation quantity or the previously scheduled quantity will be the new confirmed quantity.

(ii) With respect to the processing of requests for increases during the day, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the previously scheduled quantity will be the new confirmed quantity.

(iii) With respect to the processing of requests for decreases during the day, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity, but in any event no less than the “elapsed-prorated-scheduled quantity.” If there is no response to a request for confirmation or an unsolicited confirmation response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity will be the new confirmed quantity. “Elapsed-prorated-scheduled quantity” means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intra-day nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

(iv) With respect to Section 7.5 (c)(i), (ii), and (iii), if there is no response to a request for confirmation or an unsolicited confirmation response,

GENERAL TERMS AND CONDITIONS

NRC will provide the Shipper information to explain why the nomination failed.

This information will be imparted to the Shipper on the Scheduled Quantity document.

7.6 INTRA-DAY NOMINATIONS.

(a) An intra-day nomination is a nomination submitted after the Timely Nomination Cycle, defined at Section 7.2 of these General Terms and Conditions, whose effective time is no earlier than the beginning of the gas Day and which runs through the end of that Day.

(b) NRC supports the nomination cycle set forth at Section 7.2 during non-Critical Times. During Critical Times, valid intra-day nominations may be submitted at any time.

(c) NRC will provide notification of bumped volumes through the Scheduled Quantity document, as posted on NRC's Interactive Website, telephone or telefax consistent with Sections 13 and 20 of the General Terms and Conditions of this Tariff and through Electronic Notice Delivery. During non-Critical Times, NRC will waive daily penalties applicable to bumped volumes on the day of the bump. NRC will also waive penalties if it fails to provide appropriate notice of the bump.

(d) For services that provide for intra-day nominations and scheduling, there is no limitation as to the number of intra-day nominations which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles.

(e) Revised predetermined allocations (described in Section 8 hereof of these General Terms and Conditions) may need to be submitted in conjunction with the Intra-

GENERAL TERMS AND CONDITIONS

day Nomination in order to properly allocate the gas received at the nominated Receipt Point.

(f) Unless NRC agrees to the contrary, the revised nomination under an Intra-day Nomination may be limited by Section 7.5(c) of these General Terms and Conditions. NRC and the interconnecting party will agree on the hourly flows of the Intra-day Nomination.

(g) An Intra-day Nomination is only effective for a single day. There is no need to re-nominate if the Intra-day Nomination is intended to modify the existing nomination. The Shipper should submit a new timely nomination if the Shipper wants to replace the previously submitted standing nomination or commence service for the next gas Day.

(h) Intra-day Nominations can be used to request increases or decreases in total flow, changes to Receipt Points, or changes to Delivery Points of scheduled gas.

7.7 END-OF-GAS-DAY SCHEDULED QUANTITY DOCUMENT. At the end of each gas Day, NRC will provide the final scheduled quantities for the just completed gas Day. Receivers of the end of gas Day Scheduled Quantity document can waive the sender's sending of the end of gas Day Scheduled Quantity document.

7.8 OVERRUN QUANTITIES. Shippers submitting nominations via NRC's Interactive Website or EDI for transportation of overrun volumes (volumes in excess of the applicable point or Agreement MDQ) may either include such overrun volumes in their nominations for volumes within MDQ, or may submit separate nominations for such overrun volumes. If the Shipper elects to submit a separate nomination, the Shipper should mark that nomination as being for overrun volumes.

GENERAL TERMS AND CONDITIONS

7.9 DELEGATION. A Shipper may delegate to any third party responsibility for submitting and receiving notices or nominations or performing other administrative duties under any Agreement, and an entity which controls a point of interconnection with NRC may delegate to any third party responsibility for administering agreements regarding allocation of gas volumes at the point and/or for administering any Point Operator Agreement, subject to the following conditions:

(a) Any designation of such a representative, and any change in such designation, must be in writing and must be submitted at least two (2) business days prior to the requested effective date.

(b) The written designation shall specify any limits on the authority of the representative, including any time limit on the designation; provided, however, that NRC may reject any such limited designation if the limitations specified in the designation would result in an undue administrative burden.

(c) NRC may rely on communications from the designated representative of a Shipper or interconnecting entity for all purposes except to the extent the designation is explicitly limited as specified in the preceding Section 7.9(b). Communications by NRC to such designated representative shall be deemed notice to Shipper or interconnecting entity except to the extent the representative's authority is explicitly limited with respect to the receipt of notice under the procedure set out in Section 7.9(b) of these General Terms and Conditions.

(d) Any third party may administer multiple transportation Agreements as the designated representative for one or more Shippers and/or interconnecting entities. However, such representative shall separately administer and account for each such

GENERAL TERMS AND CONDITIONS

Agreement.

7.10 TRANSFER NOMINATIONS. Whenever gas is purchased at a Receipt Point (including a pooling point) on NRC's System by an entity that is not going to nominate that gas for receipt by NRC under a transportation Agreement, that entity must submit a transfer nomination to NRC through NRC's Interactive Website (or EDI), identifying the quantities (in Dth) and the entities from whom the gas is being bought and the entities to whom the gas is being sold. Such transfer nominations are needed in order to be able to confirm the nominated receipts at that point and thus such transfer nominations are due by the deadlines applicable to Shipper nominations, subject to Section 7.2 of these General Terms and Conditions. In addition to the transfer nomination, the purchasing entity should submit a predetermined allocation in accordance with Section 8 of these General Terms and Conditions if there is more than one buyer of the purchasing entity's gas.

7.11 NOMINATION PRIORITIES. As part of the nomination and transfer nomination process, if there is more than one supply source nominated to be delivered to a single Delivery Point or buyer, the nomination or transfer nomination should identify how and which supply sources should be cut in the event all nominated deliveries are not or cannot be made. Similarly, the nomination or transfer nomination should identify which delivery should be cut in the event gas is not or cannot be received as nominated (i.e., ranking). Ranking should be included in the list of data elements. Transportation service providers should use service requester provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules.

7.12 OPERATIONAL BALANCING. NRC agrees that, if requested by a Shipper, it will negotiate with an entity that operates the facilities interconnecting with NRC at a Receipt

GENERAL TERMS AND CONDITIONS

Point (hereinafter “Balance Operator”) in a good faith effort to reach an agreement to deal with imbalances at the Receipt Points specified (which would be a form of a Predetermined Allocation), subject to the following conditions:

(a) Such agreement must set out a mutually agreeable procedure for dealing, as between NRC and Balance Operator, with any difference between confirmed nominations and actual physical gas flow caused by operational conditions, so that any such discrepancy does not affect any Shipper;

(b) The Balance Operator must meet the same creditworthiness standards as Shipper; and

(c) NRC and Balance Operator must not have previously entered into such agreement which was terminated because of Balance Operator’s failure to perform.

Nothing herein is intended to restrict NRC’s rights to terminate in accordance with its terms any agreement entered into under this Tariff, including without limitation the right to terminate for Balance Operator’s failure to perform consistent with its obligations under the agreement.

8. DETERMINATION OF DAILY RECEIPTS

8.1 ALLOCATION BY CONFIRMED NOMINATIONS. To the extent feasible, all volumes received by NRC at a Receipt Point shall be allocated in accordance with the confirmed nominations for that point. If the actual volumes received by NRC do not equal the confirmed nominations for that point, any underage or overage will be allocated as follows:

(a) First, in accordance with the effective predetermined allocations (hereinafter “PDAs”) submitted by those entities (hereinafter “Allocators”) owning or controlling the gas being delivered to NRC. An operational balancing agreement

GENERAL TERMS AND CONDITIONS

(hereinafter “OBA”) is one type of a PDA. Shipper agrees that such an allocation is binding on Shipper.

(b) Then, if there is no effective PDA, pro rata to the extent applicable based on confirmed nominations or transfer nominations, as applicable. Shipper agrees that such an allocation is binding on Shipper.

8.2 SUBMISSION OF PDA OR OBA.

(a) The upstream or downstream party providing the point confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the gas Day, except that no other PDAs need be submitted if an OBA is in effect at a point.

(b) Unless otherwise agreed, all PDAs must be submitted to NRC through its Interactive Website or through EDI before the start of the gas Day the PDA is to be effective. Such PDA shall specify how any underage or overage from the confirmed nominated volumes should be allocated among the entities listed on the PDA. NRC shall acknowledge receipt and acceptance of the PDA through its Interactive Website or EDI if received through its Interactive Website or via EDI if received via EDI. Such notification of acknowledgment and acceptance will be within fifteen (15) minutes of receipt via its Interactive Website if received via NRC’s Interactive Website or via EDI if received via EDI. NRC’s acceptance is contingent on NRC being able to administer the allocation submitted by the Allocator. Allocation methodology types upon which two parties may agree are: ranked, pro rata, percentages, swing and operator provided value. Other examples of allocation methods which can be used are matching of supply sources with specified customers and combinations of methodology types. Different methods may be

GENERAL TERMS AND CONDITIONS

submitted for overages or underages. If the parties cannot agree, Section 8.1(b) of these General Terms and Conditions shall apply.

8.3 EFFECTIVE DATE. A PDA will be effective as of the date specified thereon (which may not be earlier than the date on which the PDA is submitted to NRC unless otherwise agreed) and will continue in effect through the end of the calendar month unless the Allocator submits a new PDA that is accepted by NRC. PDAs may be submitted to NRC on any business day or days during the month and should be submitted if necessary to reflect any changes in the Shippers or the allocation method at the point.

8.4 ALLOCATORS. Allocators who should submit PDAs include the operator of the upstream facilities, the shippers or producers/owners of the gas being delivered by the upstream entity, buyers of the gas who are in turn selling the gas at that point, and Shippers who are using more than one transportation Agreement at that point.

8.5 MONTHLY STATEMENT. After the end of each month, NRC shall provide each Allocator who submits effective PDA(s) with a monthly allocation statement showing the volumes allocated in accordance with such PDA(s).

8.6 RELIANCE. NRC may rely conclusively on effective PDAs in allocating the gas received at a point. No retroactive changes to the PDA may be made unless NRC and all affected parties agree.

9. DETERMINATION OF DELIVERIES

9.1 PREDETERMINED ALLOCATIONS. In accounting for the volumes delivered by NRC, in circumstances where multiple services are provided at any Delivery Point, the sequence of volumes delivered shall be determined by a predetermined allocation agreement between NRC and the operator of the facilities immediately downstream of the point at which

GENERAL TERMS AND CONDITIONS

NRC delivers gas. The upstream or downstream party providing the point confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the gas Day. In the absence of such an agreement, Sections 9.2 and 9.3 of these General Terms and Conditions shall control. Any new or proposed change to the methodology should be sent to NRC before the start of the gas Day on which the methodology is to be effective. NRC shall confirm receipt of the methodology within fifteen (15) minutes via its Interactive Website if received via its Interactive Website or via EDI if received via EDI. NRC's acceptance is contingent on NRC being able to administer the allocation submitted by the Allocator. Allocation methodology types upon which two parties may agree are: ranked, pro rata, percentages, swing and operator provided value. Other examples of allocation methods that can be used are combinations of methodology types. Different methods may be submitted for overages and underages.

9.2 DELIVERY SEQUENCE. Unless otherwise agreed, gas at any Delivery Point shall be deemed to have been delivered in the following sequence:

- (a) Volumes scheduled under firm transportation Agreements consistent with confirmed nominations and within MDQ;
- (b) Volumes scheduled under interruptible transportation Agreements consistent with confirmed nominations and within MDQ;
- (c) Authorized Overrun Gas consistent with confirmed nominations;
- (d) Additional volumes shall be allocated pro rata based on confirmed nominations, but not to exceed the applicable MDQ, among ITSAs under which Shippers nominated that day; and
- (e) Any remaining volumes shall be allocated as Unauthorized Overrun Gas

GENERAL TERMS AND CONDITIONS

pro rata based on confirmed nominations among ITSAs under which Shippers nominated that day.

9.3 DEFICIENT VOLUMES. Any deficiency in takes from nominated or scheduled volumes shall, unless otherwise agreed, be identified to services by allocating volumes delivered in the sequence set out in Section 9.2 of these General Terms and Conditions. Volumes shall be allocated among Agreements within each class based on confirmed nominations.

10. IMBALANCES

Each Shipper has the obligation to ensure actual volumes delivered to NRC at Receipt Points and actual volumes taken from NRC at Delivery Points conform to the volumes nominated by the Shipper and confirmed by NRC each day.

10.1 RESPONSIBILITY FOR BALANCING. In addition to delivering and receiving volumes of gas in conformance with nominations, Shippers are responsible for conforming their takes at Delivery Points with their deliveries to NRC at Receipt Points each day. NRC has no obligation to deliver for the account of a Shipper more volumes of gas than NRC has received for the account of the Shipper or to accept for the account of the Shipper more volumes of gas than are being delivered for the account of the Shipper on any day.

10.2 MONTHLY IMBALANCES, NETTING AND OFFSETTING. At the end of each calendar month, to the extent the net receipts (with the appropriate deductions for Unaccounted For Gas) do not equal the deliveries under an Agreement on a Dth basis, the following procedures will apply:

(a) Imbalances under a Shipper's different Agreements will then be netted together to obtain the Shipper's Total Monthly Imbalance. The Total Monthly Imbalance will be shown with the monthly billings sent to Shippers.

GENERAL TERMS AND CONDITIONS

(b) Any imbalance remaining will be cashed out on a tiered basis pursuant to the imbalance cash-out provisions set forth in Section 15.3 of the General Terms and Conditions of Trailblazer's Tariff on file with the FERC, as such cash-out provisions may change from time to time, the provisions of which are hereby incorporated by reference as if fully set forth herein.

(c) Shippers with overage imbalances shall pay NRC in accordance with the cash-out provisions set forth in Section 15.3 of the General Terms and Conditions of Trailblazer's FERC Gas Tariff. Shippers with underage imbalances will be credited by NRC in accordance with the cash-out provisions set forth in Section 15.3 of the General Terms and Conditions of Trailblazer's FERC Gas Tariff.

(d) For illustrative purposes only, as of January 2008, the currently effective cash-out provisions of Trailblazer's FERC Gas Tariff are set forth in this subsection (c):

(1) Imbalance Cash-Out Table:

<u>IMBALANCE LEVEL</u>	<u>OVERAGE (NRC pays Shipper)</u>	<u>UNDERAGE (Shipper pays NRC)</u>
0% to 5%	100% x AMIP[*]	100% x AMIP
Greater than 5% to 10%	90% x AMIP	110% x AMIP
Greater than 10% to 15%	80% x AMIP	120% x AMIP
Greater than 15% to 20%	70% x AMIP	130% x AMIP
Greater than 20%	60% x AMIP	140% x AMIP

* "AMIP" refers to Average Monthly Index Price as defined below.

(2) A Shipper's imbalance will be cashed out based on the percentage of that imbalance compared to the total receipts for that Shipper during the month. For example, if the total receipts were 1,000 Dth and the remaining underage imbalance after offsetting with other Shippers was 100 Dth, the total imbalance level would be 10%. The first 5% (50 Dth) would be cashed out at 100% of the AMIP and the remaining 50 Dth would be

GENERAL TERMS AND CONDITIONS

cashed out at 110% of the AMIP.

(3) The Average Monthly Index Price (“AMIP”) is the arithmetic average of the Weekly Index Prices (“WIPs”). The WIP for any week is the arithmetic average of the Midcontinent, Spot Delivered to Pipeline index price reported in ‘Gas Price Report’ issued by “Natural Gas Week”. In calculating the AMIP, the WIPs will be based on the prices reported in the issue of “Natural Gas Week” dated on or after NRC’s nomination deadline for first of the month service for that month, and the subsequent issues dated prior to NRC’s nomination deadline for the following month’s first of the month service.

(4) If “Natural Gas Week” ceases to publish entirely or fails to publish the index price listed above, the following procedures shall apply in determining a month’s AMIP:

(i) If, in any given week, “Natural Gas Week” fails to publish the index price used in determining that week’s WIP, there will be no WIP for that week used in determining the month’s AMIP.

(ii) If, in a given month, there are less than two WIP’s available for the AMIP calculation, the following alternate AMIP procedures will apply: The AMIP will be defined as the arithmetic average of:

(A) The closing price for the NYMEX natural gas futures contract applicable to the month in which the imbalance was created (i.e., the price at which that month’s contract “went off the board”); and

(B) The individual daily closing prices for the following month (“spot month” or “near month”) NYMEX natural gas contract during the month in which the imbalance was created, up to and including the day the

GENERAL TERMS AND CONDITIONS

“spot month” contract “goes off the board.”

10.3 **OPERATIONAL DATA VS. ACTUALS.** In determining the cashout tier applicable under Section 10.2(b) of these General Terms and Conditions, NRC will utilize the operational data posted on its Interactive Website as of the end of the month or the actual flow volumes, whichever results in a lower cashout tier.

10.4 **PRIOR PERIOD ADJUSTMENTS.** Any imbalances for a month that are booked after the transportation for that month has been billed will be cashed out at 100% of the AMIP in effect during the month the imbalance occurred.

10.5 **PURCHASE AND SALE OF GAS.** NRC is not providing a supply service under any Rate Schedule of this Tariff. Without limitation of the foregoing, NRC may buy and sell gas to the extent necessary to maintain System pressure, to implement the cashout procedures under this Section 10 and to perform other functions in connection with providing transportation service. The point of any such sale shall occur at Receipt Points on a Shipper Agreement. Nothing herein shall impose on NRC any obligation to provide a supply function to any of its Shippers.

11. STATEMENTS, BILLING, PAYMENT AND DISCOUNTING POLICY

11.1 **STATEMENT AND INVOICES.** NRC shall, on or before the tenth (10th) Business Day of each month, render to Shipper a bill or bills for service under each applicable Rate Schedule during the preceding month. As used in this Section 11, “render” is defined as postmarked or time-stamped and delivered to the designated site. Invoices will be based on actuals (if available) or best available data. Quantities at points where OBAs exist will be invoiced based on scheduled quantities.

11.2 **SHIPPER INFORMATION.** If information is required from Shipper, or its

GENERAL TERMS AND CONDITIONS

designee, to actualize volumes or allocations, Shipper shall furnish the required information, or cause it to be furnished, to NRC, on or before the fifth (5th) day of each month.

11.3 IMBALANCE STATEMENT. Imbalance statements will be generated at the same time or prior to the generation of the invoice. Prior to or with the above-required invoice for billing, NRC shall render the gas imbalance statement which details in Dth the gas received and delivered each month at the Receipt and Delivery Point(s) based on the best information available.

11.4 PAYMENT. Shipper shall pay to NRC at the address indicated on the invoice or, if directed by NRC, by wire transfer to a bank designated by NRC, the amount due NRC for services provided pursuant to an Agreement during the appropriate calendar month as reflected in the billing described above, within ten (10) calendar days after the date of receipt of such billing. For purposes of this Section 11, the bill is deemed to be received by Shipper on the date sent to Shipper's designated site if sent by EDI, or three (3) days after the postmark date if sent by mail. The invoice number should be identified on all payments and the Shipper should submit supporting documentation identifying what is being paid. NRC shall apply payment per such supporting documentation. If payment differs from the invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer, in which case the remittance detail is due within two (2) Business Days of the payment due date. Should Shipper fail to pay any undisputed portion of any bill as herein provided when such amount is due, interest on the unpaid portion of the bill shall accrue at the maximum allowable interest permitted under the Commission's Regulations. For any amount to be considered "disputed," Shipper must provide appropriate documentation supporting and identifying the basis for the dispute. If Shipper fails to make payment in accordance with this Section 11, NRC may,

GENERAL TERMS AND CONDITIONS

in addition to any other remedy it may have under this Tariff or under commercial law: (a) suspend deliveries as provided in Section 3.8 of these General Terms and Conditions; and (b) offset such deficient payments against any payments, refunds or credits owed by NRC to Shipper.

11.5 ADJUSTMENT OF ERRORS.

(a) The time limitation for disputes of allocations should be six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

(b) Prior period adjustment time limits should be six (6) months from the date of the initial transportation invoice and seven (7) months from date of initial sales invoice with a three (3) month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

(c) In no event will any changes be made after twenty-four (24) months from the date of statements, billings or payment, based on actualized volumes, unless the parties mutually agree.

(d) Any error discovered as a result of a timely claim shall be corrected within thirty (30) days of the determination thereof. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

11.6 DISCOUNTING POLICY FOR RATES AND CHARGES. NRC reserves the

GENERAL TERMS AND CONDITIONS

right to provide, by contract with any Shipper, for adjustment at any time of the rates for service to a level below the maximum rates applicable to such service, as stated in this Tariff. Nothing herein will require NRC to agree to any discount.

12. EVALUATION OF CREDIT

12.1 GENERALLY. In evaluating requests for service and for certain other purposes under this Tariff, NRC will perform a credit appraisal of Shipper.

(a) Acceptance of a Shipper's request for service and the continuation of service to a Shipper are contingent upon the Shipper satisfying creditworthiness requirements on an on-going basis. To determine creditworthiness, a credit appraisal shall be performed in accordance with the following criteria:

(1) NRC shall apply consistent evaluation practices to all similarly situated Shippers in determining any Shipper's financial ability to perform the payment obligations due to NRC over the term of the requested or existing service agreement.

(2) If a Shipper has multiple service agreements with NRC, then the total potential fees and charges of all such service agreements shall be considered in determining creditworthiness.

(3) Shipper may request that NRC evaluate its creditworthiness based upon the level of its current and requested service(s) on NRC relative to the Shipper's current and future ability to meet its obligations. Such credit appraisal shall be based upon NRC's evaluation of the following information and credit criteria:

(i) S&P and Moody's opinions, watch alerts, and rating

GENERAL TERMS AND CONDITIONS

actions and reports, ratings, opinions and other actions by Dun and Bradstreet and other credit reporting agencies will be considered in determining creditworthiness.

(ii) Consistent financial statement analysis will be applied by NRC to determine the acceptability of the Shipper's current and future financial strength. The Shipper's balance sheets, income statements, cash flow statements and auditor's notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability.

(iii) Results of bank and trade reference checks and credit reports must demonstrate that the Shipper is paying its obligations in a timely manner.

(iv) The Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy of the Shipper. An exception may be made for a Shipper which is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if NRC is assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future actually to make payment.

(v) Whether the Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain

GENERAL TERMS AND CONDITIONS

solvent.

(vi) Whether the Shipper has or has had any delinquent balances outstanding for services provided previously by NRC and whether the Shipper is paying and has paid its account balances according to the terms established in its service agreements (excluding amounts as to which there is a good faith dispute).

(vii) The nature of the Shipper's business and the effect on that business of general economic conditions and economic conditions specific to it, including the Shipper's ability to recover the costs of NRC's services through filings with regulatory agencies or otherwise to pass on such costs to its customers.

(viii) Any other information, including any information provided by the Shipper, that is relevant to the Shipper's current and future financial strength and the Shipper's ability to make full payment over the term of the contract.

(ix) Information which NRC may request to be provided by Shipper to NRC in connection with such a credit evaluation includes the following:

- (A) Audited Financial Statements;
- (B) Annual Reports;
- (C) Most recent statements filed with the Securities and Exchange Commission (or an equivalent authority) or other similar publicly available information;

GENERAL TERMS AND CONDITIONS

(D) For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (“CFO”) that such statements constitute a true, correct, and fair representation of the Shipper’s financial condition prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) or equivalent;

(E) For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of the Shipper’s financial condition prepared in accordance with GAAP or equivalent;

(F) For non-public entities, including those that are state-regulated utilities, any existing sworn filings, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the Shipper’s current financial condition;

(G) For any state-regulated utility local distribution company, documentation from its state regulatory commission(s) (or equivalent authority) of an authorized cost recovery mechanism;

(H) A list of affiliates, parent companies, and

GENERAL TERMS AND CONDITIONS

subsidiaries;

(I) Publicly available credit reports from credit and bond rating agencies;

(J) Private credit ratings, if obtained by the Shipper;

(K) Bank references;

(L) Trade references;

(M) Statement of legal composition;

(N) Statement of the length of time the business has been in operation; and

(O) Such other information as may be mutually agreed to by the parties.

(4) If NRC concludes that a Shipper is non-creditworthy, NRC shall provide written notice to Shipper within ten (10) days after that determination is made. If requested by Shipper, NRC shall provide a written explanation of the reasons for this determination. A Shipper may challenge this determination by providing a written rebuttal to NRC's explanation within ten (10) days after the explanation is provided by NRC. NRC shall respond to such a rebuttal in writing within ten (10) days. Any reevaluation of credit by NRC in response to such a rebuttal by the Shipper shall be based on the credit criteria set out in this Section 11.

(5) If NRC requests additional information to be used for credit evaluation after the initiation of service, NRC, contemporaneous with the request, shall provide its reason(s) for requesting the additional information to the Shipper

GENERAL TERMS AND CONDITIONS

and designate to whom the response should be sent. NRC and the Shipper may mutually agree to waive this requirement. Upon receipt of either an initial or follow-up request from NRC for information to be used for creditworthiness evaluation, Shipper's authorized representative(s) shall acknowledge receipt of NRC's request. NRC and the Shipper may mutually agree to waive the requirements of this standard. Shipper's authorized representative(s) shall respond to NRC's request for credit information, as allowed by this Tariff, on or before the due date specified in the request. The Shipper shall provide all the credit information requested by NRC or provide the reason(s) why any of the requested information was not provided. Upon receipt from the Shipper of all credit information provided under this Tariff, NRC shall notify the Shipper's authorized representative(s) that it has received such information. NRC and the Shipper may mutually agree to waive this requirement. Shipper shall designate up to two representatives who are authorized to receive notices regarding the Shipper's creditworthiness, including requests for additional information, pursuant to the applicable standards and shall provide to NRC the internet e-mail addresses of such representatives prior to the initiation of service. Written requests and responses are to be provided via internet e-mail, unless otherwise agreed to by the parties. The obligation of NRC to provide creditworthiness notifications is waived until the above requirement on designation of representatives has been met. The Shipper shall manage internal distribution of any creditworthiness notices that are received. NRC shall designate, on its internet website or in written notices to the Shipper, the internet e-mail addresses

GENERAL TERMS AND CONDITIONS

of up to two representatives who are authorized to receive notices regarding the Shipper's creditworthiness. The Shipper's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and NRC shall manage internal distribution of any such confirmations. In complying with the creditworthiness related notifications pursuant hereto the Shipper and NRC may mutually agree to other forms of communication in lieu of internet e-mail notifications.

(b)(1) If a Shipper fails to satisfy the credit criteria, such Shipper may still obtain or continue service under this Tariff if it elects one of the following options:

- (i) Payment in advance of all fees and charges for three (3) months' advance service;
- (ii) A standby irrevocable letter of credit covering all fees and charges for three (3) months' advance service drawn upon a bank acceptable to NRC;
- (iii) Security interest covering all fees and charges for three (3) months' advance service in collateral provided by the Shipper found to be satisfactory to NRC; or
- (iv) Guarantee of all fees and charges for three (3) months' advance service by a person or another entity which does satisfy the credit appraisal.

(2) Nothing herein shall be read to preclude NRC from requiring, and enforcing for the term of the initial contracts, more than three (3) months of fees and charges for advance service as security in agreements supporting an application for a certificate to construct new or expanded facilities.

- (c) Where a Shipper selects the prepayment option under Section 12.1(b) of

GENERAL TERMS AND CONDITIONS

these General Terms and Conditions, the prepayment amounts shall be deposited in an interest-bearing escrow account if such an escrow account has been established by the Shipper which meets the criteria set out in this paragraph. The costs of establishing and maintaining the escrow account shall be borne by the Shipper. The escrow bank must be rated at least AA or better and shall not be affiliated with the Shipper. The escrow arrangement shall provide for the prepayment amounts to be applied against the Shipper's obligation under its service agreement(s) with NRC and shall grant NRC a security interest in such amounts as an assurance of future performance. The escrow agreement shall specify the permitted investments of escrowed funds so as to protect principal, and shall include only such investment options as corporations typically use for short-term deposit of their funds. Such escrow account shall at all times maintain the amount of prepayment required under Section 12.1(b) of these General Terms and Conditions. If NRC is required to draw down the funds in escrow, it will notify the Shipper and the Shipper must replenish such funds within three (3) Business Days after such notice.

(d) NRC's credit appraisal procedures involve the establishment of dollar credit limits on a standardized, non-discriminatory basis. To the extent that a Shipper's accounts with NRC do not exceed such limit, and Shipper has met all creditworthiness requirements as determined in periodic credit reviews by NRC, which reviews may be conducted on at least an annual basis, no new credit appraisals shall be required when an existing Agreement is amended or a request for a new Agreement is made, provided that Shipper's payment history has been satisfactory and there is no bona fide basis for questioning Shipper's creditworthiness, subject to the provisions of Section 3.8 and 3.9 of these General Terms and Conditions.

GENERAL TERMS AND CONDITIONS

(e) In the event NRC constructs new facilities to accommodate a Shipper, NRC may require from the Shipper security in an amount up to the cost of such facilities. Security under this Tariff may be in any of the forms available under Section 12.1(b) of these General Terms and Conditions, at Shipper's choice. NRC is only permitted to recover the cost of facilities once, either through rates or through this provision. As NRC recovers the cost of these facilities through its rates, the security required shall be reduced accordingly. Where facilities are constructed to serve multiple Shippers, an individual Shipper's obligation under this Tariff shall be for no more than its proportionate share of the cost of the facilities. This provision is in addition to and shall not supersede or replace any other rights that NRC may have regarding the construction and reimbursement of facilities.

(f) NRC shall not take any action under this Section 12 which conflicts with any order of the U.S. Bankruptcy Court.

12.2 CONSENT AGREEMENT. In order to obtain an Agreement under Rate Schedule FTS, a Shipper must sign a consent and agreement, in a form acceptable to NRC, to pay all charges under the Agreement to the agent designated by NRC's lenders in the event the Shipper is notified that an event of default has occurred under NRC's loan agreement.

13. INTERACTIVE WEBSITE**13.1 WEB SITE DESCRIPTION.**

(a) NRC maintains an interactive internet web site which is available for use by Shippers and other interested parties. The web site has both secure and non-secure regions. Information of a general nature is included in the non-secure region while confidential Shipper specific data is accessible only through the secure region, which

GENERAL TERMS AND CONDITIONS

requires a logon and password. Non-secure information is accessible to customers on a non-discriminatory basis.

(b) NRC, at its sole option, may add informational sections to this web site in order to facilitate timely and complete communications with customers. Logons and passwords required to enter the secure region of the web site may be obtained per the procedures outlined in Section 13.2 of these General Terms and Conditions.

(1) INFORMATIONAL POSTINGS. The types of information available through the Informational Postings selection of this web site include:

- (i) all affiliated marketer information, including organizational charts and names and addresses for affiliated marketing companies;
- (ii) reports on operationally available capacity, design capacity and unsubscribed capacity at Receipt/Delivery Points;
- (iii) critical notices concerning capacity related issues and non-critical notices, providing relevant contracts and customer information; and
- (iv) NRC's Tariff.

(2) NRC CONTACT INFORMATION. NRC shall publish current contact information on its website, including contact information for NRC's Manager of Gas Transportation, NRC's Vice President of Business Management, and NRC's Electronic Customer Services Department.

13.2 ACCESS TO WEB SITE. Shippers and other interested parties may obtain access to the interactive transactional web pages by contacting a representative of NRC's Electronic Customer Services Department. Logons, passwords and access instructions will be

GENERAL TERMS AND CONDITIONS

supplied upon request under the following terms and conditions set forth in Sections 13.3 through 13.14 of these General Terms and Conditions. The internet address for this web site is [http://\[_____.com\]](http://[_____.com]).

13.3 AUTHORITY OF EMPLOYEE. Users of this web site shall be deemed to have agreed and admitted that any employee permitted by a subscriber to access this web site shall have the legal authority to act on behalf of the subscriber in performing any functions, including those functions which are available presently and those functions which become available at a later date.

13.4 INSTALLATION OF SOFTWARE. Each subscriber shall purchase and ensure that lawful installation of internet browser software occurs for each personal computer ("PC") from which this web site is accessed.

13.5 CONFIDENTIALITY. Certain information contained in this web site is confidential. A subscriber shall not reproduce, disclose or otherwise make available confidential information contained therein to any other company, corporation, individual, or partnership.

13.6 RELIANCE BY NRC. NRC may act, and shall be fully protected by a subscriber in acting, in reliance upon any acts or things done or performed by subscriber's employees or designated agents on behalf of subscriber and in respect to all matters conducted through this web site. NRC may correct errors in information entered into this web site by a subscriber promptly after receiving notice of the corrections or may require subscribers to enter the corrections directly into this web site.

13.7 ACCESS TO CONFIDENTIAL INFORMATION. Should a subscriber require access to confidential information (such as Agreement, points, nomination, volume, or other customer-specific information deemed to be of a confidential nature requiring controlled access),

GENERAL TERMS AND CONDITIONS

NRC will require the subscriber to provide a written request and officer level approval for issuance of a company-level computer access (logon) identification code and password. Upon receipt of such request, NRC will ensure return of a confidential logon code and password within one business day.

13.8 LOGON. A subscriber's logon and password are confidential and are used to identify that subscriber. A subscriber shall keep its logon and password confidential. A subscriber will ensure that only its authorized employees and agents will be given the subscriber's logon and password and only these authorized persons will be permitted to access this web site on the subscriber's behalf. A subscriber and its employees and agents will not disclose the subscriber's logon and password to anyone without authority to access this web site on behalf of the subscriber. To ensure such confidentiality is not breached, requests from a subscriber's employees or agents for information regarding subscriber logon and password made subsequent to issuance of the original logon and password may not be honored without receipt by NRC of additional authorization from the subscriber. Each subscriber shall be responsible for and accepts liability for any security breach that is traced to the subscriber's logon and password.

13.9 BREACH OF SECURITY. A subscriber shall promptly notify NRC if there is any indication that a security breach has occurred with regard to the subscriber's logon and password. This includes, but is not limited to:

- (a) loss of confidentiality of logon and password;
- (b) termination of employment of any authorized employee; or
- (c) loss of authority to access this web site by any authorized employee.

Such notification shall be made to NRC's Electronic Customer Services Department.

13.10 LIMITATION TO ACCESS. A subscriber may attempt to access only that data

GENERAL TERMS AND CONDITIONS

for which a subscriber has authorization. A subscriber shall provide supporting legal documentation prior to being given access to data of other subsidiaries, affiliates, or companies for whom it has an agency relationship. See Section 7 of these General Terms and Conditions for information on delegation.

13.11 LIMITS OF RESPONSIBILITY. NRC shall not be responsible for an omission or failure by NRC to act or perform any duty requested by a function accessed via this web site if such omission or failure to act is caused by or related to data lost in the transmission of such data from a subscriber's-to-NRC's computer System, power failures, failure of backup System, or any other event beyond the reasonable control of NRC.

13.12 RESERVATION. NRC reserves the right to add, modify or terminate web site functions at any time subject to compliance with Commission Regulations.

13.13 AGREEMENT BY NON-SHIPPER. Any Subscriber who is not a Shipper under one of the Rate Schedules in this volume of NRC's Gas Tariff will be required, as a precondition of access to this web site, to sign an agreement with NRC pursuant to which the Subscriber agrees to be bound by the provisions of this Section 13.

13.14 INDEMNITY.

(a) Each subscriber shall indemnify NRC and hold NRC harmless for all damages, losses, and liabilities arising out of:

(1) The subscriber's or its employees' or agents' breach of any of the subscriber's obligations under this Section 13, including any breach of confidentiality with respect to the assignment of logon(s) and password(s) to the subscriber's authorized employees and agents and any unauthorized use by a formerly authorized person or by any unauthorized person who gained knowledge

GENERAL TERMS AND CONDITIONS

of the subscriber's logon(s) and passwords(s) through no fault of NRC.

(2) any omission or failure by the subscriber's employees or agents to act or perform any duty required by an interactive website function; and

(3) any action taken by the subscriber, its employees or agents, its former authorized employees and agents or unauthorized persons who gained knowledge of the subscriber's logon(s) and password(s) through no fault of NRC, which interferes with the proper operation of NRC's Interactive Website.

(b) Notwithstanding the foregoing, neither NRC nor a subscriber shall be liable to the other if an unauthorized user gains access to NRC's Interactive Website through no fault of either NRC or the subscriber.

14. CONTRACT ROLLOVERS AND RIGHT OF FIRST REFUSAL

14.1 GENERAL. Subject to Section 14.3 of these General Terms and Conditions, service performed by NRC shall expire, and shall be automatically abandoned, upon contract termination unless service is continued pursuant to Sections 14.2 or 14.3 of these General Terms and Conditions. Unless NRC and Shipper expressly agree otherwise in the Agreement(s), a Shipper who has entered into a limited-term firm service Agreement(s) pursuant to Section 3.1(b)(7) of these General Terms and Conditions may not elect to extend such limited-term agreement, except to the extent permitted under that provision.

14.2 RIGHT OF FIRST REFUSAL.

(a) An "Anchor Shipper" is a Shipper under an FTSA (1) executed prior to January 15, 2008, with a term of ten (10) consecutive years or more for a Maximum Daily Quantity (MDQ) of 2,000 Dth/day or more at the applicable maximum Tariff rate (Recourse Rate) or at a negotiated rate.

GENERAL TERMS AND CONDITIONS

(b) Anchor Shippers shall have the right to continue receiving service after the expiration of its existing Agreement if, pursuant to the Right of First Refusal procedures set forth in this Section 14.2, it matches the price and term offered for such service by any other bidder; provided, however, that (irrespective of the price offered by the existing Shipper or any bidder) NRC shall not be required to provide service at a discount from its applicable maximum rate unless it otherwise agrees; and, provided further that if a bid is submitted for a Negotiated Rate or Negotiated Rate Formula under Section 28 of these General Terms and Conditions, the Anchor Shipper need match only the value of that bid utilizing the Recourse Rate in lieu of the Negotiated Rate or Negotiated Rate Formula consistent with Section 28 of these General Terms and Conditions.

(c) To exercise the Right of First Refusal, an Anchor Shipper must provide NRC with notice of its intent to do so in a form specified by NRC and must submit such notice at least six (6) months prior to the expiration of the existing Agreement. NRC shall advise the Anchor Shipper in writing of the date by which such notice must be submitted at least three (3) months prior to the last day on which such notice can be made on a timely basis. Such notice must specify a desired term of service and the desired MDQ in total and at each Receipt and Delivery Point. If the requested MDQ is greater than the existing MDQ in total and at each Receipt and Delivery Point, any such increase shall be treated as a request for new service under the applicable Rate Schedule and only the original MDQ shall be subject to the Right of First Refusal under this Section 14. The Right of First Refusal may apply to a portion of the Anchor Shipper's then-effective service. Any notice specifying a decrease in MDQ in total or at any point shall not affect the existing Agreement during its remaining term. If the Anchor Shipper submits a

GENERAL TERMS AND CONDITIONS

notice under this Tariff which sets out its willingness to pay the applicable maximum rate for service which is subject to the Right of First Refusal for the maximum term which may be considered in determining the best bid under Section 14.2(d) of these General Terms and Conditions, then the Anchor Shipper shall be entitled to continuation of service, consistent with such notice, subject only to Sections 14.2(g) and 21.4 of these General Terms and Conditions, and the posting matching and other procedures of Sections 14.2(c) through (f) of these General Terms and Conditions shall not apply.

(d) The Recourse Rate which applies under this Section 14 to any exercise of the Right of First Refusal shall be the Existing System Recourse Rate for the applicable Zone.

(e) Within fifteen (15) days after receipt of a notice under Section 14.2(b) of these General Terms and Conditions, NRC shall post on the Informational Postings portion of its Interactive Website an Announcement of Capacity Availability Subject to Right of First Refusal ("Capacity Announcement") which shall: (1) specify the Anchor Shipper's service rights; (2) indicate the availability of such service as of the date the existing Agreement expires, subject to the Right of First Refusal; (3) state the maximum rate applicable to such service; (4) set out any other information required by this Section 14; and (5) solicit bids for such service. Such Capacity Announcement shall be maintained, and bids accepted via the Interactive Website, for a period of one (1) month from the initial posting.

(f)(1) Within one (1) week after the end of the one month period during which the Capacity Announcement is posted, NRC shall convey to the Anchor Shipper a term sheet for the best bid (based on price and term) which would qualify for such service in

GENERAL TERMS AND CONDITIONS

all respects (including meeting applicable credit criteria), which is a bona fide bid and which NRC is willing to accept. NRC may, but is not required to, accept any bid which reflects a discount from the applicable maximum rate. In assessing which is the best bid if more than one bid is received, NRC shall evaluate bids on the basis of greatest net present value (except that contract terms in excess of ten (10) years shall not increase the value of any bid). If a bid is received for a Negotiated Rate or Negotiated Rate Formula pursuant to Section 28 of these General Terms and Conditions, the value of the bid shall be assessed utilizing the Recourse Rate in lieu of the Negotiated Rate or Negotiated Rate Formula consistent with Section 28 of these General Terms and Conditions.

(2) NRC's term sheet shall contain any and all terms of the bid but shall not identify the bidder; provided, however, such bid sheet shall indicate if the best bid was submitted by an affiliate of NRC. Except for the providing of such term sheet to the Anchor Shipper, all terms and conditions of any bid and the identity of the bidder shall remain confidential; provided that the Commission may on request have access to such information on a confidential basis.

(3) The Anchor Shipper shall have two (2) weeks to notify NRC whether or not it desires to match the best bid. To match the best bid, the Anchor Shipper must agree to a price (up to the applicable maximum rate or Recourse Rate) and a term (up to ten (10) years) which at least equals the bid on all or any portion of the service the Anchor Shipper desires to retain; provided, however, that if the Anchor Shipper seeks to retain only a portion of its MDQ, the analysis of whether the Anchor Shipper has matched the best bid may take into account the MDQ requested under the best bid relative to the MDQ the Anchor Shipper seeks to retain. The Anchor Shipper may

GENERAL TERMS AND CONDITIONS

provide a counteroffer which contains either a higher price than the best bid or a longer term than the best bid to offset a shorter term or a lower price than that offered in the best bid. NRC shall determine whether such a counteroffer constitutes a match, utilizing the same criteria as were applied to determine the best bid.

(g)(1) If the Anchor Shipper matches the best bid, it shall be entitled to continuation of service and shall be obligated to sign an Agreement tendered by NRC which reflects the best bid or any counteroffer by the Anchor Shipper which matches such best bid.

(2) If the Anchor Shipper fails to match the best bid, the existing Agreement shall terminate at the end of its term and service to the existing Shipper shall be automatically abandoned.

(3) Submission of a bid shall be binding on the bidder. The bidder submitting the best bid shall be obligated to sign an Agreement reflecting its bid if the Anchor Shipper fails to match. Nothing herein shall preclude negotiation of a more acceptable Agreement by mutual consent of NRC and such bidder; provided, however, that service may not be agreed upon under terms and conditions less favorable to NRC than the best bid without providing the Anchor Shipper an additional opportunity to match such revised terms and conditions.

(h) In the absence of a qualified bid, NRC shall notify Shipper of the rate (subject to the applicable maximum recourse rate) and the term shall be negotiated between NRC and the Shipper. No discount or other special terms shall apply to a rollover Agreement unless NRC and Shipper mutually agree. If no agreement is reached prior to the end of the two (2) week period following NRC's notice to Shipper, Shipper

GENERAL TERMS AND CONDITIONS

may, at that time, require that NRC enter into an Agreement to provide service at the applicable maximum rate for a term specified by Shipper and running from the date the existing Agreement expires. Unless Shipper so elects at the end of the two (2) week period following NRC's notice to Shipper, NRC may negotiate with any Shipper, with the Anchor Shipper having no further rights under this Section 14 and service under the existing Agreement shall be terminated and automatically abandoned at the expiration thereof.

(i) If the Shipper is eligible to receive continued service under this Section 14.2, NRC shall tender a rollover Agreement which conforms to the requirements of this Tariff prior to the expiration of the existing Agreement. Shipper and NRC shall execute such rollover Agreement, or any modified Agreement upon which NRC and Shipper may mutually agree which is not inconsistent with this Tariff, within two (2) weeks. If Shipper fails to execute the rollover Agreement on a timely basis, Shipper shall (in addition to all other remedies available to NRC for Shipper's failure to fulfill its obligation to execute such Agreement) forfeit any right to continuation of service after the expiration of the existing Agreement.

14.3 CONTRACTUAL ROLLOVERS. The term of service under any firm or interruptible transportation Agreement may be extended pursuant to a rollover or evergreen provision in such Agreement, which provision supersedes any otherwise applicable rollover or Right of First Refusal pursuant to this Section 14. In addition, the parties may subsequently negotiate rollover or evergreen provisions which differ from this Section 14. NRC is not obligated to offer or agree to any such rollover or evergreen provisions; provided, however, that to the extent it offers or agrees to any such provision, it must do so on a non-discriminatory basis

GENERAL TERMS AND CONDITIONS

for similarly situated Shippers.

14.4 VALID REQUEST CRITERIA. Unless waived by NRC, the requirements for a valid request under the applicable Rate Schedule (including the applicable credit analysis) apply to any rollover Agreement.

15. MEASUREMENT

15.1 UNIT OF MEASUREMENT AND METERING BASE. The volumetric measurement base shall be one (1) cubic foot of gas at a pressure base of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia), at a temperature base of sixty degrees Fahrenheit (60° F.), and without adjustment for water vapor.

15.2 ATMOSPHERIC PRESSURE. For the purpose of measurement, calculations, and meter calibration, the average absolute atmospheric (barometric) pressure shall be based on the actual altitude of each point of measurement irrespective of variations in natural atmospheric pressure from time to time. In the event electronic computer measurement is used, the absolute gas pressure will be measured directly, using an absolute pressure measuring device for continuous input to the electronic computer.

15.3 TEMPERATURE. The temperature of the gas shall be determined at the points of measurement by means of a properly installed recording thermometer or continuous electronic transducer input to a computer of standard manufacture selected by NRC in the exercise of its reasonable judgment to be installed in accordance with the recommendations contained in ANSI/API 2530 First Edition (Orifice Metering of Natural Gas). The arithmetic average of hourly temperatures for each day shall be used in computing temperatures of the gas during such day for conventional chart measurement. In the event electronic computer measurement is used, average daily temperature will be computed as a running average of data determined during each

GENERAL TERMS AND CONDITIONS

computer scan.

15.4 DETERMINATION OF HEATING VALUE AND SPECIFIC GRAVITY. The Heating Value and specific gravity of the gas may be determined by on-line recording calorimeter and gravitometer or by recording chromatograph. In the event a continuous gas sampling device is used, intervals mutually agreed upon should not be less than once every month. For conventional chart measurement, the arithmetical average of the hourly heating value and specific gravity recorded during periods of flow each day by a recording calorimeter and gravitometer or recording chromatograph, if installed, shall be considered as the Heating Value and specific gravity of the gas delivered during each day. In the event electronic computer measurement is used, the determination of Heating Value and specific gravity from chromatograph or calorimeter and gravitometer transducers shall input continuously into the computer for volume calculations. If a continuous gas sampler is installed, then the Heating Value and specific gravity shall be determined in the laboratory by chromatograph and/or running a portion of test sample through a calorimeter and gravitometer. Such determinations shall be considered as the Heating Value and specific gravity of all gas delivered during the applicable period of sampling. All Heating Value and specific gravity determinations made with a chromatograph shall use physical gas constants for gas compounds as outlined in ANSI/API 2530 First Edition (Orifice Metering of Natural Gas) with any subsequent amendments or revisions which NRC may adopt in exercise of its reasonable judgment. The calculations (for Btu) shall be based on dry gas if the gas at the measurement points contain less than five (5) pounds of water per MMcf for receipts from Trailblazer, or less than seven (7) pounds of water per MMcf for receipts from KMIGT. If the gas at the measurement points contains more than five (5) pounds of water per MMcf, the appropriate factor determined by NRC in the exercise of

GENERAL TERMS AND CONDITIONS

its reasonable judgment for the actual water vapor content will be applied to the Btu calculations to correct for this water content.

15.5 SUPERCOMPRESSIBILITY. The measurement under this Tariff shall be corrected for deviation from Boyle's Law at the pressures and temperatures under which gas is measured under this Tariff by the use of the Formula NX-19 appearing in the manual entitled, "PAR Research Project NX-19, Extension of Range of Supercompressibility Tables," AGA Catalog No. 48/PR published by the American Gas Association in 1963 as supplemented or amended from time to time. Inert content of the metered gas stream used in the Formula NX-19 calculations shall be determined by a chromatographic analysis using spot sample when deliveries begin and thereafter by chromatographic analysis no less than semiannually or by more frequent continuous sampling or by continuous computer input at each of the points where the gas is received and delivered.

15.6 MEASURING EQUIPMENT. Unless otherwise agreed upon, NRC will install, maintain and operate or cause to be installed, maintained and operated, measuring stations equipped with flow meters and other necessary metering and measuring equipment by which the volumes of gas received and Equivalent Volumes delivered under this Tariff shall be determined. Shipper may install check measuring equipment at its own cost and expense; provided such equipment shall be so installed as not to interfere with the operations of NRC. NRC and Shipper, in the presence of each other, shall have access to the other's measuring equipment at all reasonable times but the reading, calibrating and adjusting of electronic computer components and/or mechanical recording instruments thereof and the changing of charts shall be done only by the equipment owner or such owner's representative, unless otherwise agreed upon. Both NRC and Shipper shall have the right to be present at the time of any installing, reading,

GENERAL TERMS AND CONDITIONS

cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment; provided, however, failure of either NRC or Shipper to witness such an operation shall not affect the validity of such operation in any way. The records from such measuring equipment shall remain the property of its owner, but upon request, each will submit within ten (10) days to the other its records and charts, together with calculations therefrom, for inspection, subject to return within thirty (30) days after receipt thereof. The measurement equipment of Shipper shall be for check purposes only and, except as expressly provided herein, shall not be used in the measurement of gas for purposes hereof.

15.7 ORIFICE METERS. Orifice meters shall be installed and gas volumes computed, in accordance with the standards prescribed in ANSI/API 2530 entitled, "Orifice Metering of Natural Gas," which incorporates Gas Measurement Committee Report #3 of the American Gas Association, revised and reprinted, September 1969, and any subsequent amendments NRC may adopt in the exercise of its reasonable judgment.

15.8 ELECTRONIC FLOW COMPUTERS. It is recognized that electronic or other types of flow computers have been developed that permit the direct computation of gas flows without the use of charts. Where the substitution of these devices is deemed acceptable by NRC in the exercise of its reasonable judgment, their use for custody transfer will be permitted.

15.9 NEW MEASUREMENT TECHNIQUES. If, at any time, a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, such new method or technique may be substituted by NRC in the exercise of its reasonable judgment. NRC shall promptly inform all Shippers of any new method or techniques adopted.

15.10 CALIBRATION AND TEST OF METERS. The accuracy of all measuring

GENERAL TERMS AND CONDITIONS

equipment shall be verified by NRC at reasonable intervals, and if requested, in the presence of representatives of Shipper, but neither Shipper nor NRC shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. If either party at any time desires a special test of any measuring equipment, it will promptly notify the other, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment.

15.11 CORRECTION OF METERING ERRORS. If, upon any test, any measuring equipment is found to be inaccurate, such equipment shall be adjusted immediately to measure accurately. If, upon any test, the measuring equipment in the aggregate is found to be inaccurate by one percent (1%) or more at a recording corresponding to the average hourly rate of gas flow for the period since the last preceding test, any payments based thereon shall be corrected pursuant to Section 11.5 of these General Terms and Conditions, at the rate of such inaccuracy for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half (1/2) of the time elapsed since the date of the last test. Measurement data corrections should be processed within six (6) months of the production month with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

15.12 FAILURE OF MEASURING EQUIPMENT. If any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, or by previous recordings, receipts or deliveries through such equipment shall be estimated and agreed to by the parties upon the first of the following methods which is feasible:

- (a) By correcting the error if the percentage of error is ascertainable by

GENERAL TERMS AND CONDITIONS

calibration, special test, or mathematical calculation, or in the absence of (a);

(b) By using the registration of any check meter or meters, if installed and accurately registering, or in the absence of both (a) and (b), then;

(c) By estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.

15.13 **PRESERVATION OF RECORDS.** Shipper and NRC shall preserve for a period of at least three (3) years, or for such longer period as may be required by appropriate authority, all test data, charts and other similar records.

15.14 **THE SEQUENCE OF GAS RECEIPT.** All gas delivered to NRC by any Shipper under Rate Schedule FTS shall be deemed to have been received by NRC prior to the receipt of any gas delivered under Rate Schedule ITS from such Shipper on any day.

16. PRESSURE AND DELIVERY CONDITIONS

16.1 **RECEIPT POINT PRESSURE.** Shipper shall deliver gas to NRC at the pressure prevailing in NRC's System at the Receipt Point, as such pressure may vary from time to time.

16.2 **DELIVERY POINT PRESSURE.** NRC shall deliver natural gas to Shipper at the Delivery Point at the pressure available in NRC's pipeline at such point, as such pressure may vary from time to time.

17. QUALITY OF GAS

17.1 **GENERAL.** Notwithstanding anything herein to the contrary, Shipper warrants that all gas it delivers or causes to deliver to NRC at the Trailblazer Receipt Point conforms to all the quality specifications set forth under Trailblazer's FERC Gas Tariff and that all gas Shipper delivers or causes to deliver to NRC at the KMIGT Receipt Point conforms to all the quality

GENERAL TERMS AND CONDITIONS

specifications set forth under KMITG's FERC Gas Tariff.

17.1 HEAT CONTENT. The gas delivered at each of the points of receipt and the points of delivery under this Tariff shall contain a Heating Value of not less than nine hundred fifty (950) Btu per cubic foot.

17.2 FREEDOM FROM OBJECTIONABLE MATTER. The gas received and delivered:

(a) Shall be commercially free from dust, gums, gum-forming constituents, dirt, impurities or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the pipelines, regulators, meters, or other equipment of NRC;

(b) Shall not contain more than one (1) grain of hydrogen sulfide per one hundred (100) cubic feet of gas, as determined by methods prescribed in "Standards of Gas Service, Circular of the National Bureau of Standards," No. 405, page 134 (1934 edition), and shall be considered free from hydrogen sulfide if a strip of white filter paper, moistened with a solution containing five percent (5%) by weight of lead acetate, is not distinctly darker than a second paper freshly moistened with the same solution, after the first paper has been exposed to the gas for one and one-half (1-1/2) minutes in an apparatus of approved form, through which the gas is flowing at the rate of approximately five (5) cubic feet per hour, the gas from the jet not impinging directly upon the test paper; or the hydrogen sulfide content may be determined by an instrument selected by NRC in exercise of its reasonable judgment;

(c) Shall not contain more than twenty (20) grains of total sulfur (including the sulfur in any hydrogen sulfide and mercaptans) per one hundred (100) cubic feet;

GENERAL TERMS AND CONDITIONS

(d) Shall not at any time have an oxygen content in excess of ten parts per million (10 ppm) by volume, and the parties hereto shall make every reasonable effort to keep the gas free of oxygen;

(e) Shall be delivered at a temperature not in excess of one hundred twenty degrees Fahrenheit (120° F.) or less than twenty degrees Fahrenheit (20° F.);

(f) Shall not contain more than three percent (3%) by volume of carbon dioxide;

(g) Shall not contain water vapor in excess of:

(1) five (5) pounds per million (1,000,000) cubic feet of gas for receipts from Trailblazer; or

(2) seven (7) pounds per million (1,000,000) cubic feet of gas for receipts from KMIGT; and

(h) Shall not contain any hydrocarbon fractions which might condense to free liquids in the line under normal pipeline conditions.

17.3 TOXIC AND HAZARDOUS SUBSTANCES. Shipper agrees to supply or cause its designee to supply to NRC upon demand, at any time and from time to time, a sample of liquids removed from the gas stream at any Receipt Point, whether removed by a coalescer or otherwise, for analysis at a laboratory of NRC's choosing. If at any time PCBs or any other toxic substances or chemicals that NRC deems hazardous and/or in any way unsafe for transportation are found in the liquid samples supplied to NRC by Shipper, NRC may in its sole discretion immediately cease the receipt of such gas and any associated liquids through its facilities. Upon proof that such toxic or hazardous substances are no longer present at levels deemed unsafe by NRC, NRC shall restore service to Shipper at the affected Receipt Point.

GENERAL TERMS AND CONDITIONS

17.4 NON-CONFORMING GAS. If at any time, gas tendered under the Agreement shall fail to conform to any of the quality specifications set forth above the receiving party may, at its option, refuse to accept delivery pending correction of the deficiency by the delivering party.

17.5 POSTING OF GAS QUALITY INFORMATION. NRC posts information on gas quality on its System as described in Section 13.1(a) of these General Terms and Conditions.

17.6 SAFE HARBOR. Notwithstanding anything to the contrary in this Section 17, natural gas delivered by Trailblazer or KMITG, respectively, at the Receipt Points of NRC shall be deemed to satisfy the gas quality specifications of this Section 17.

18. FORCE MAJEURE

18.1 EFFECT OF FORCE MAJEURE. In the event of either NRC or Shipper being rendered unable by Force Majeure (on its part or that of a necessary third party) to carry out, wholly or in part, its obligations under the provisions of an Agreement, it is agreed that the obligations of the party affected by such Force Majeure, other than the obligation to make payments thereunder, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch.

18.2 DEFINITION OF FORCE MAJEURE

(a) The term "Force Majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include acts of God, strikes, lockouts or other industrial disturbances, inability to obtain pipe or other material or equipment or labor, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraint of rulers and people,

GENERAL TERMS AND CONDITIONS

interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, and any other cause whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of due diligence, such party is unable to overcome.

(b) Nothing contained herein, however, shall be construed to require either party to settle a strike against its will. Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies relieve either party of liability otherwise unless such party shall give notice and full particulars of the same in writing or by electronic means to the other party as soon as possible after the occurrence relied on.

19. POSSESSION OF GAS, TITLE AND RESPONSIBILITY

Shipper warrants that it will at the time of delivery to NRC have good title to all gas so delivered free and clear of all liens, encumbrances and claims whatsoever. As between Shipper and NRC, Shipper shall be deemed to be in control and possession of the gas and responsible for and hold NRC harmless of and from any damage or injury caused thereby until it shall have been delivered to NRC at the Receipt Point(s), after which NRC shall be deemed to be in control and possession of such gas until its delivery to Shipper, or for Shipper's account at the Delivery Point(s) and while in such possession NRC shall be responsible therefor and hold Shipper harmless of and from any damage or injury caused thereby. NRC shall have no responsibility with respect to any gas on account of anything which may be done, happen or arise with respect

GENERAL TERMS AND CONDITIONS

to said gas until it is received by NRC. Shipper shall have no responsibility with respect to said gas after its receipt by NRC or on/account of anything which may be done, happen or arise with respect to said gas after such receipt until its delivery to Shipper, or for Shipper's account, at the Delivery Point(s). The point of the division of responsibility shall be the point of interconnection between the facilities of NRC and Shipper, or their respective agents, at the Receipt or Delivery Point(s), as applicable. The foregoing provisions of this Section 19 shall not relieve either party from responsibility for acts of gross negligence or willful misconduct of such party, its agents or employees.

20. NOTIFICATION

20.1 GENERAL. Except as provided otherwise in this Tariff or the Agreement, operational communications may be made by telephone or other mutually agreeable means without subsequent written confirmation, unless written confirmation is requested by either party hereto. Any notice, request, demand, statement or other formal communication shall only be deemed given when delivered by first class, certified or registered U.S. mail, overnight delivery, courier, telefax or Electronic Notice Delivery. Such delivery shall: (a) be sent to NRC at the address specified in the Agreement, or through such electronic means as are available and authorized by NRC, or at an address otherwise stated in a notice by NRC to Shipper; and (b) be sent to Shipper at the address in the Agreement pursuant to the Rate Schedule, through Electronic Notice Delivery or at an address otherwise stated in a notice by Shipper to NRC.

20.2 NOTIFICATION PROCEDURES.

(a)(1) The availability and pricing of services on NRC's System is governed by this Tariff. From time to time, NRC changes or updates its Tariff by filings with the Commission. Each Shipper shall be notified by NRC of such filings and, upon request,

GENERAL TERMS AND CONDITIONS

provided a copy of each filing.

(2) Telephone inquiries related to the availability or pricing of services are answered by representatives of NRC and upon request, potential Shippers are provided copies of NRC's Tariff filings.

(3) Shippers desiring a rate under any Agreement other than the maximum rate on file with the Commission are required to submit such requests in writing or by electronic medium to NRC's Manager of Gas Transportation. Any lower rate agreed to by NRC is evidenced in writing to such Shipper, and such rate is considered confidential. In order to attract or determine interest in the use of any particular service, representatives of NRC from time to time contact Shippers by telephone. Such conversations are confidential and may or may not result in Shipper submitting a request for a discounted rate for a particular service.

(b)(1) Capacity available for firm service is communicated to requestors of that service under the provisions of the applicable firm Rate Schedule. The general availability of firm capacity is also communicated by NRC's Interactive Website which is described in Section 13 of these General Terms and Conditions.

(2) Capacity available for interruptible services is communicated to holders of interruptible Agreements by representatives of NRC in response to the Shippers' nominations for service. The nomination and confirmation procedure is detailed in Section 7 of these General Terms and Conditions. The general availability of interruptible capacity is also communicated by NRC's Interactive Website, which is described in Section 13 of these General Terms and Conditions.

(3) When available capacity is affected by construction projects or unforeseen

GENERAL TERMS AND CONDITIONS

conditions, NRC shall communicate such information primarily via the Interactive Website to its Shippers. NRC shall also be permitted to use letters, telephone calls or another similar mode to communicate capacity information when such means are appropriate.

21. FACILITIES/OBLIGATION TO CARRY OUT AGREEMENT/FILINGS

21.1 FACILITIES. The nature of, and responsibility for, any facilities which must be acquired, modified or constructed to effectuate a Transportation Services Agreement shall be set out in a separate agreement between NRC and Shipper or the operator of a point. To the extent that Shipper builds facilities to interconnect with NRC's System, such facilities shall be in conformance with Department of Transportation regulations, and any other applicable governmental regulations, and shall be subject to inspection and prior approval by NRC.

21.2 OBLIGATIONS TO CARRY OUT AGREEMENT. Notwithstanding other provisions of a Transportation Services Agreement, NRC shall be under no obligation to commence service thereunder unless and until: (a) all facilities, of whatever nature, as are required to permit (as applicable) the receipt, measurement, transportation and delivery of natural gas under the Agreement have been installed and are in operating condition; (b) any payments due NRC thereunder have been received; and (c) NRC has, in its reasonable discretion, determined that such service is authorized under all applicable regulations.

21.3 REGULATORY FILINGS. After the execution of an Agreement, each party shall make and diligently prosecute, any and all necessary filings with any governmental bodies with jurisdiction as may be required for the initiation and continuation of the service which is the subject of a Transportation Services Agreement. Upon either party's request, the other party shall timely provide or cause to be provided to the requesting party such information and

GENERAL TERMS AND CONDITIONS

material not within the requesting party's control and/or possession that may be required for such filings. Each party shall promptly inform the other party of any changes in the representations made by such party herein and/or in the information provided pursuant to this Section 21. Each party shall promptly provide the other party with a copy of all filings, notice, approvals, and authorizations in the course of the prosecution of its filings.

22. INDEMNIFICATION

22.1 GENERAL. Shipper will indemnify and hold NRC harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the gas tendered under an Agreement. NRC will indemnify and save Shipper harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the gas delivered to Shipper, or for Shipper's account, under an Agreement.

22.2 ELIGIBILITY FOR SERVICE. Shipper warrants that its requested service meets the requirement for service under the applicable Rate Schedule and these General Terms and Conditions and conforms to any applicable regulations of the Commission (or other regulatory agency with jurisdiction). Shipper further agrees to abide by the terms of the applicable Rate Schedule and these General Terms and Conditions. Shipper will indemnify NRC and hold NRC harmless from all suits, actions, damages, costs, losses, expenses (including reasonable attorney fees) and regulatory proceedings arising from its breach of this warranty. Shipper further agrees to indemnify NRC and save NRC harmless from any claims asserted by any person because of any curtailment or interruption of service which is consistent with the applicable Rate Schedule and these General Terms and Conditions. Shipper, however, shall have no obligation to

GENERAL TERMS AND CONDITIONS

indemnify NRC for the results of any intentional or unintentional acts by NRC that contravene the applicable Rate Schedule or these General Terms and Conditions.

23. SUCCESSORS AND ASSIGNS

Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of Shipper or NRC shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Agreement; provided, however, that NRC reserves the right to evaluate and approve the creditworthiness of the new entity in accordance with Section 12 of these General Terms and Conditions. No other assignment of an Agreement or any of the rights or obligations thereunder shall be made by Shipper unless there first shall have been obtained the written consent thereto of NRC. Shipper or NRC may pledge or assign their respective right, title and interest in and to and under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of such trustee or trustees becoming in any respect obligated to perform the obligations of the assignor under the Agreement and, if any such trustee be a corporation, without its being required to qualify to do business in any State in which performance of the Agreement may occur.

24. REGULATION

The operation of the provisions of this Tariff shall be subject to any and all governmental statutes and all lawful orders, rules, and regulations affecting the receipt, storage, transportation or delivery of gas under this Tariff or the equipment required in connection with such receipt, storage, transportation or delivery. It is understood that performance under any Transportation Service Agreement shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matter related hereto.

GENERAL TERMS AND CONDITIONS

Should either of the parties, by force of any such law, order, rule or regulation, at any time during the term of such an Agreement be ordered or required to do any act inconsistent with the provisions thereof, then for that period only during which the requirements of such law, order, rule or regulation are applicable, such Agreement shall be deemed modified to conform with the requirement of such law, order, rule or regulation; provided, however, nothing herein shall alter, modify or otherwise affect the respective rights of the parties to cancel or terminate such Agreement under its terms and conditions.

25. LIMITATION ON LIABILITY AND LINE PACK

25.1 LIMITATION ON LIABILITY OF LLC MEMBERS. Any claim by Shippers against NRC which may arise under this Tariff shall be made only against NRC as a Limited Liability Company and all rights to proceed against the Members thereof, individually or collectively, or against their assets as a result of such claim or any obligations arising therefrom is hereby expressly waived by Shippers.

25.2 LINE PACK. NRC shall be responsible for providing line pack on its System.

26. INFORMATION SHARING AND COMPLAINT RESOLUTION

26.1 INFORMATION SHARING. Information on any operating facilities or operating personnel that NRC shares with any of its marketing affiliates will be available on its Internet Web site. Such information will be updated within three (3) business days of any change. NRC shall disclose to non-affiliated Shippers non-public operating data available to marketing affiliates of NRC.

26.2 COMPLAINT PROCEDURE. It is the goal of NRC, as a provider of transportation services for others, that each of its existing and potential shippers receives service that is in accordance with NRC's Tariff and is fully satisfactory to the customer. To that end, it

GENERAL TERMS AND CONDITIONS

is the policy of NRC that customer concerns and problems, communicated in any form to any representative of NRC, be satisfactorily resolved as informally, as rapidly and at as low a level as is possible. If attempts to resolve problems and concerns through such normal communication channels are unsuccessful, the procedures set forth in Section 26.2(a) of these General Terms and Conditions should be followed.

(a) Formal complaints by Shippers and potential shippers shall be addressed to NRC's Vice President of Business Management. A complaint should contain as much specific information as is possible in order to facilitate the appropriate resolution of the matter. Anyone making a verbal complaint should specifically identify the communication as a complaint.

(b) NRC's Vice President, or his designee, shall acknowledge the receipt of the complaint within forty-eight (48) hours of receipt. If appropriate, NRC's resolution of the matter will be communicated tentatively to the complainant at that time.

(c) NRC's Vice President, or his designee, shall communicate, as necessary, with others concerning the complaint and the formation of an appropriate response to it.

(d) The timing and nature of subsequent communications with the complainant, including final resolution of the matter, shall be at the discretion of NRC's Vice President. Every effort shall be made to resolve finally each complaint in writing within thirty (30) days after the complaint was originally received. At a minimum, NRC shall notify Shipper in writing of the status of the complaint within thirty (30) days of its receipt.

(e) The foregoing recognizes that individual complaints may vary greatly as to complexity and seriousness. For this reason, the informed judgment of NRC's Vice

GENERAL TERMS AND CONDITIONS

President shall be relied upon in each instance for the necessary determinations concerning such things as: (1) the exact steps to be taken in addressing the complaint; (2) the need to involve more senior officers in the matter; and (3) the appropriate final resolution of the complaint.

27. NON-WAIVER OF FUTURE DEFAULT

No waiver by either Shipper or NRC of any one or more defaults by the other in performance of any of the provisions of the Agreement shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or of a different character.

28. NEGOTIATED RATES

28.1 PRECONDITIONS TO NEGOTIATED RATES. Rates to be charged by NRC for service to any Shipper under Rate Schedule FTS or ITS may deviate in either form or level or both from the applicable maximum rate level in this Tariff, subject to the following provisions:

(a) NRC and Shipper have executed a valid Agreement containing therein or in a related agreement a specific mutual understanding that Negotiated Rate(s) or a Negotiated Rate Formula will apply to service for that Shipper;

(b) At the time of execution of the Agreement (or the amendment to an Agreement), which first provides for the applicability to Shipper of the Negotiated Rate(s) or Negotiated Rate Formula, service was available pursuant to the terms and conditions (not modified by this Section 28) of Rate Schedule FTS or ITS of this Tariff.

(c)(i) An Anchor Shipper's negotiated rates applicable to the capacity awarded prior to the certificate application shall be no higher than the lowest negotiated rates applicable to any other Shipper under a Firm Transportation Service Agreement covering the same rate zones and/or facilities, excluding negotiated rates applicable to short-term

GENERAL TERMS AND CONDITIONS

transactions (*i.e.*, twelve or fewer consecutive Months), seasonal transactions or rates based upon competitive factors unique to specific geographic delivery points or Shippers within a rate zone that are not applicable to the Anchor Shipper's delivery point in the rate zone. For purposes of this provision, the term "rates" shall include the Reservation Charge, the Commodity Charge and all surcharges including Fuel Gas and Unaccounted For Gas (if any). .

28.2 CAPACITY ALLOCATION. To the extent the revenue level pursuant to the Negotiated Rate(s) or Negotiated Rate Formula provided for in Section 28.1 of these General Terms and Conditions should exceed the revenue level at the Recourse Rate, the Shipper paying such Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula shall be treated, for all capacity allocation purposes, as if the rate(s) paid had been equal to the Recourse Rate. Any Shipper, existing or new, paying the Recourse Rate(s) has the same right to capacity as a Shipper willing to pay a higher Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula. If the Negotiated Rate or the rate under a Negotiated Rate Formula is higher than the corresponding Recourse Rate, the Recourse Rate rather than the Negotiated Rate will be used as the price cap for the Right of First Refusal pursuant to Section 14.2 of these General Terms and Conditions. Where the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula results in revenue which is greater than the Recourse Rate during certain portions of the relevant evaluation period but less than the revenue at the Recourse Rate during other portions of the relevant evaluation period (but the revenue pursuant to the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula equals or exceeds that which would be generated at the Recourse Rate for the entire evaluation period), the value of bids and requests at the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula shall be evaluated as though the Recourse Rate applied under such bid

GENERAL TERMS AND CONDITIONS

or request for the entire evaluation period. Where the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula result in revenue which is less than revenue at the Recourse Rate over the relevant evaluation period, the value of the bids or requests at the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula shall be evaluated based on such lower revenue and shall be afforded a correspondingly lower priority than bids or requests at the Recourse Rate.

28.3 ACCOUNTING FOR COSTS AND REVENUES. The allocation of costs to, and the recording of revenues from, service at Negotiated Rate(s) will follow NRC's normal practices associated with all of its services under this Tariff. NRC will maintain separate records of Negotiated Rate and Negotiated Rate Formula transactions for each billing period. These records shall include the volumes transported, the billing determinants (*i.e.*, contract MDQ), the rates charged and the revenue received associated with such transactions. NRC will separately identify such transactions in any general rate proceeding. Should NRC institute a tariff provision to flow through on a current basis to its Shippers the impact of certain transportation transactions, the treatment of revenues from Negotiated Rate(s) or Negotiated Rate Formula(s) shall be specified in such tariff provision.

28.4 FUEL GAS and UNACCOUNTED FOR GAS. NRC may negotiate the Fuel Gas and Unaccounted For Gas retainage and surcharge components of its rates and has contracted for such negotiated arrangements with its Anchor Shippers. NRC will protect Recourse Rate Shippers from subsidizing Shippers paying negotiated Fuel Gas and Unaccounted For Gas retainage and surcharge amounts as set out in this Section 28.4(b). The separate accounting under Section 28.3 of these General Terms and Conditions will include separate accounting for Fuel Gas and Unaccounted For Gas retainage and surcharge amounts collected and a comparison with the amounts which would have been collected at the maximum rate levels for Fuel Gas and

GENERAL TERMS AND CONDITIONS

Unaccounted For Gas retainage and surcharges stated in NRC's Tariff. In the event that NRC agrees as part of a Negotiated Rate or Negotiated Rate Formula to assess Fuel Gas and/or Unaccounted For Gas retainage or surcharge amounts which are less than the amounts which would be collected at the maximum rate level for such components stated in NRC's Tariff, NRC will credit the maximum Recourse Rate surcharge amounts to its surcharge accounts and will credit the maximum Recourse Rate Fuel Gas and Unaccounted For Gas retainage levels to its Fuel Gas and Unaccounted For Gas retainage accounts; provided, however, that NRC is not required to include Fuel Gas and Unaccounted For Gas at maximum retainage levels if it can show that no or less Fuel Gas and Unaccounted For Gas was used in providing the service.

29. ACQUIRED CAPACITY

(a) NRC may from time to time enter into transportation agreements with upstream or downstream entities, including interstate pipelines, intrastate pipelines and local distribution companies in order to acquire capacity thereon (hereinafter "Acquired Capacity"). NRC may use Acquired Capacity for its System operational needs and to render service to its customers. Except as provided in subsection (b), NRC states that, if it transports gas for others using Acquired Capacity, it will apply to such services the same rates and tariffs as are applicable to on-System customers, as such rates and tariffs may change from time to time.

(b) Nothing herein shall be read to preclude NRC from filing with the Commission for different tariff provisions applicable to any service which NRC provides using Acquired Capacity.

30. OPERATIONAL CONTROL**30.1 GENERAL.**

GENERAL TERMS AND CONDITIONS

(a) NRC shall endeavor to maintain adequate pressure throughout its System and to preserve the overall operational integrity of its System; provided, however, that NRC shall not be obligated to buy or sell gas or to install additional compression or otherwise modify its System for these purposes. Operating personnel for Shippers and other entities which are physically taking delivery of gas from NRC or tendering gas to NRC shall cooperate with NRC in furtherance of this Section 30. Each Shipper shall designate the telephone and telefax numbers of one or more persons, but not more than two (2) primary and two (2) backup persons, for NRC to contact on operating matters (including the receipt of Operational Flow Orders and notices of a Critical Time) at any time, on a 24-hour a day, 365-day a year basis. Such contact persons must have adequate authority and expertise to deal with such operating matters.

(b) For the purpose of these General Terms and Conditions, the overall operational integrity of NRC's System shall encompass the integrity of the physical System and the preservation of physical assets and their performance, the overall operating performance of the entire physical System as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total System deliverability and the quality of gas delivered.

30.2 FACILITY CONTROL. NRC shall maintain actual physical and operational control of all transmission and other facilities on its System.

30.3 OPERATING PLAN

(a) NRC shall, on an annual or such more frequent basis as NRC deems necessary for proper operation of its System, prepare and circulate to all Shippers an "Operating Plan." Such Operating Plan shall set out a plan for operation of the System

GENERAL TERMS AND CONDITIONS

on a basis which approaches an optimum level, given ordinary engineering and operating constraints, and for maintenance of service at projected levels to all Shippers, consistent with applicable priorities of service. The Operating Plan may include, inter alia, a specification of:

(1) Desired levels of flow gas for each category of Shipper during various periods of the year.

(2) Plans to deal with specific contingencies NRC anticipates may occur during the period covered by the Operating Plan.

(b) The Operating Plan shall be for planning and informational purposes only and shall not be binding on NRC or on any Shipper. It is further understood that, since all elements of an Operating Plan are subject to continual change and are contingent on the actions of numerous Shippers, the Operating Plan may not necessarily be an accurate depiction of the System at any point in time.

(c) NRC may request that Shippers periodically provide non-binding estimates of flow patterns, injections and withdrawals and other operating parameters. Such information may be used in preparation of the Operating Plan or in testing whether an Operating Plan previously circulated requires revision.

30.4 OPERATIONAL CONTROL SEQUENCE.

(a) If NRC's observations or projections indicate that a situation is or may be developing in which adequate pressures may not be maintained or the overall operational integrity of its System (or any portion thereof) could be threatened, or if such a situation actually occurs, NRC is empowered by this Section 30 to take action to alleviate this situation. In responding to such a situation, NRC shall first apply the Advisory Action

GENERAL TERMS AND CONDITIONS

procedures of Section 30.5 of these General Terms and Conditions. If such measures are not sufficient in NRC's judgment to address the situation fully, NRC shall next employ Operational Flow Orders as provided in Section 30.6 of these General Terms and Conditions. If Operational Flow Orders alone are not adequate, NRC may invoke the Critical Time procedures set out in Section 30.7 of these General Terms and Conditions. Finally, NRC may take unilateral action as provided in Section 30.8 of these General Terms and Conditions. The procedures set out in such provisions, and their sequencing, are intended to be applied only to the extent any of the specific actions indicated, or such sequencing, would tend to alleviate the situation to be addressed. In issuing Advisory Actions, Operational Flow Orders or a Critical Time, NRC shall describe the conditions and the specific responses required from the affected parties. To the extent practicable, NRC shall direct its actions under this Tariff to Shippers creating or anticipated to create the situation to be addressed and shall act consistent with Section 30.9 of these General Terms and Conditions. Nothing herein shall preclude NRC from bypassing any of the above procedures if, in its judgment, the situation so requires.

(b) Notwithstanding anything to the contrary in subsection (b) of this section 30.4, if at any time:

(1) Trailblazer implements an Operational Flow Order or declares a "Critical Time" under Trailblazer's FERC Gas Tariff, NRC shall be deemed to be operating under Sections 30.6 or 30.7, respectively, of these General Terms and Conditions with respect to the transportation and redelivery of gas received by NRC at the Trailblazer Receipt Point. NRC may pass through to any Shipper any penalties imposed by Trailblazer on NRC attributable to the failure of such

GENERAL TERMS AND CONDITIONS

Shipper to comply with the terms of any Operational Flow Order and/or any such critical Time requirement imposed under Trailblazer's FERC Gas Tariff; or

(2) KMIGT implements a Directional Notice or a Critical Time Operational Flow Order under KMIGT's FERC Gas Tariff, NRC shall be deemed to be operating under Sections 30.6 or 30.7, respectively, of these General Terms and Conditions with respect to the transportation and redelivery of gas received by NRC at the KMIGT Receipt Point. NRC may pass through to any Shipper any penalties imposed by KMIGT on NRC attributable to the failure of such Shipper to comply with the terms of any Directional Notice and/or Critical Time Operational Flow Order requirement imposed under KMIGT's FERC Gas Tariff.

30.5 ADVISORY ACTIONS. If NRC determines that action is required to avoid a situation in which System pressure is not maintained or in which the overall operational integrity of the System or any portion of the System is jeopardized, NRC may take the "Advisory Actions" set out herein to forestall the development of such a situation.

(a) NRC may request Shippers or other entities affecting its System to take any of the following actions, or other similar actions, to the extent such actions would tend to alleviate the situation, on a voluntary basis:

- (1) Change Receipt or Delivery Points;
- (2) Change usage patterns (e.g., end-users switch to alternate fuels);
- (3) Provide assistance from other resources;
- (4) Activate pre-negotiated voluntary arrangements under which gas is diverted from one Shipper to another or from a non-Shipper to a Shipper (which arrangements may specify appropriate compensation);

GENERAL TERMS AND CONDITIONS

(5) Reconcile transportation imbalances; and/or

(6) Such other voluntary action as would tend to alleviate or forestall the situation.

(b) NRC may also take actions within its control which might tend to alleviate or forestall the situation. Such actions may include the following:

(1) Advise any Shipper which is not maintaining receipts and deliveries in balance that such imbalances must not continue;

(2) Curtail or require adjustments or supply shifts in ITS service;

(3) Take such other actions as are within NRC's control and discretion to alleviate or forestall the situation.

30.6 OPERATIONAL FLOW ORDERS.

(a) If, in NRC's judgment, the Advisory Actions under Section 30.5 of these General Terms and Conditions are not sufficient to alleviate conditions, *inter alia*, which threaten or could threaten the safe operations or System integrity of NRC's System or to maintain operations required to provide efficient and reliable firm service, NRC is authorized to issue "Operational Flow Orders."

(b) Notwithstanding the foregoing, NRC shall take reasonable actions to minimize the issuance and the adverse impact of Operational Flow Orders, or of any other measure taken under this Section 30 in response to adverse operational events on NRC's System. NRC will issue Operational Flow Orders only if necessary to maintain the pressure of its System within the range of normal operating parameters or to respond to or prevent facility outages or other conditions which could have a detrimental impact on System reliability or service integrity on its System. Operational Flow Orders shall be

GENERAL TERMS AND CONDITIONS

lifted as soon as such conditions no longer prevail. The Operational Flow Order shall identify with specificity the situation to be addressed and shall (in addition to mandating specific actions) indicate voluntary actions by Shippers (increased takes or receipts/decreased takes or receipts, etc.) which would alleviate such situation.

Operational Flow Orders shall also specify the time when compliance must be achieved.

Such Operational Flow Orders may, subject to Section 30.11 of these General Terms and Conditions, require a Shipper to take any of the following actions, or similar actions, to the extent such actions would tend to alleviate the situation to be addressed:

- (1) Commence or increase supply inputs into NRC's System or at specific points, or shift such supply inputs (in whole or in part) to different points.
- (2) Cease or reduce supply inputs into NRC's System or at specific points.
- (3) Commence or increase takes of gas from NRC's System or from specific points, or shift takes to different points.
- (4) Cease or reduce takes from NRC's System or at specific points.
- (5) Reconcile transportation imbalances.
- (6) Such other actions as are within Shipper's control which may alleviate the situation to be addressed.

(c) No Shipper will be required under an Operational Flow Order to exceed its total firm MDQ under its Agreements with NRC or to accept delivery of gas which the Shipper cannot use in its plant or service territory. Further, a Shipper subject to an Operational Flow Order issued to increase deliveries at Receipt Points will have the option to decrease takes at Delivery Points by a like amount instead, and vice versa.

GENERAL TERMS AND CONDITIONS

Similarly, a Shipper subject to an Operational Flow Order issued to decrease deliveries at Receipt Points will have the option to increase takes at Delivery Points by a like amount instead, and vice versa.

(d) In issuing Operational Flow Orders to correct problems with either too much gas or insufficient gas being received vis-à-vis deliveries, NRC will generally follow the following sequence, to the extent there is sufficient time:

(1) NRC will require all Shippers out of balance to the detriment of the System to balance their Agreements.

(2) NRC will seek voluntary action from Shippers, subject to the Shipper and NRC negotiating adequate compensation.

(3) NRC will interrupt interruptible services if that will restore System flexibility prior to issuance of generally applicable Operational Flow Orders or curtailment of firm services. This step will be taken when Shippers are failing to comply with previously issued Operational Flow Orders or when NRC cannot identify which Shippers are creating the problem.

(e) Notice of an Operational Flow Order will be posted electronically by NRC on its website. NRC shall also post, as soon as available, information about operational parameters which affect when an Operational Flow Order will begin and end (e.g., significant changes in pressure on any pipeline segment, status of facility repairs, etc.). NRC shall provide as much advance warning as possible of conditions which may create the need to issue an Operational Flow Order and the issuance of an Operational Flow Order. NRC will endeavor to post the notice that it will issue an Operational Flow Order before 4:00 p.m. Central Clock Time or otherwise will endeavor to notify Shippers by

GENERAL TERMS AND CONDITIONS

4:00 p.m. Central Clock Time that they should check NRC's website at a specified later time to see whether an Operational Flow Order will be in effect for the next day. NRC must attempt to give actual notice of an Operational Flow Order via telefax or telephone (provided a Shipper has given the numbers to NRC as required in Section 30.1 of these General Terms and Conditions) at least four (4) hours prior to the start of the Day before an Operational Flow Order will be effective as to a Shipper. Such notice shall specify the anticipated duration of the Operational Flow Order. An Operational Flow Order will be effective at the start of a Day and will continue until the end of the Day and through the end of successive Days until NRC posts notice to Shippers that the Operational Flow Order has been lifted.

(f) If any Shipper fails to comply with an Operational Flow Order during any period which is not a Critical Time, it shall be subject to a penalty of an amount per Dth determined below, multiplied by any volume of gas by which the Shipper deviated from the requirements of the Operational Flow Order. A Shipper shall be exempt from such a penalty under this Section 30.6 to the extent the Operational Flow Order requires action beyond Shipper's contract limits under its Agreement with NRC or if Shipper has complied within a reasonable range, which range will be specified in the Operational Flow Order. Penalties under this Section 30.6(f) shall be calculated as follows:

<u>Imbalance Level</u>	<u>Penalty (Greater of)</u>
0% - 5%	\$0
Greater than 5% - 10%	\$0.25/Dth or 12.5% x AMIP
Greater than 10% - 20%	\$0.50/Dth or 25% x AMIP
Greater than 20% - 50%	\$1.00/Dth or 50% x AMIP
Greater than 50%	\$2.00/Dth or 100% x AMIP

The AMIP shall be calculated in accordance with Section 10.2(d) and (f) of these General Terms and Conditions.

GENERAL TERMS AND CONDITIONS

(g) Within ninety (90) days after an Operational Flow Order has been lifted. NRC will submit to the Commission a report which describes the specific operational factors which caused the Operational Flow Order to be issued and to be lifted.

30.7 CRITICAL TIME

(a) NRC shall advise Shippers on its System if it is declaring a “Critical Time” and shall specify the nature of the situation creating the Critical Time.

(b) A Critical Time may be declared when: (1) the total physical receipts to all or a portion of the System are approaching or expected to approach, a level that is in excess of the total physical deliveries; (2) the total physical deliveries from all or a portion of the System are approaching or expected to approach, a level that is in excess of the total physical receipts; (3) System pressure on one or more pipeline segments is falling and approaching a level or is expected to fall and approach a level that is at or below the minimum that NRC considers necessary for System integrity or to fulfill its firm contractual obligations; (4) System pressure is rising and approaching a level or is expected to rise and approach a level that is at or above the maximum pressure at which NRC’s facilities may be safely operated; or (5) NRC is unable or anticipates it may not be able to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of NRC’s System. A Critical Time may not be declared on all or a portion of the System for the purpose of maintaining interruptible services on that portion of the System, but interruptible gas may flow at times or on portions of the System when such flow would not violate any operational control restrictions or provisions of this Tariff. NRC shall notify Shippers by posting on its website the reason(s) why a Critical Time was declared.

(c) Notice of a Critical Time will be posted on NRC’ website. NRC will endeavor to

GENERAL TERMS AND CONDITIONS

post the notice before 4:00 p.m. Central Clock Time or otherwise will endeavor to notify Shippers by 4:00 p.m. Central Clock Time that they should check NRC's website at a specified later time to see whether a Critical Time will be in effect for the next Day. NRC must attempt to give actual notice of a Critical Time via telefax or telephone (provided a Shipper has given the numbers to NRC as required in Section 30.1 of these General Terms and Conditions) at least four (4) hours prior to the start of the Day before a Critical Time will be effective as to a Shipper. Such notice shall specify the anticipated duration of the Critical Time. A Critical Time will be effective at the start of a Day and will continue until the end of the Day and through the end of successive Days until NRC posts notice to Shippers that there is no longer a Critical Time.

(d) NRC may issue Operational Flow Orders as described in Section 30.6 of these General Terms and Conditions during a Critical Time.

(e) The penalty for failure to abide by an Operational Flow Order issued during a Critical Time shall be determined as follows:

<u>Critical Time Imbalance Level</u>	<u>Penalty (Greater of)</u>
0 - 3%	\$0
Greater than 3% - 10%	\$0.50 Dth or 25% x AMIP
Greater than 10% - 20%	\$1.00 Dth or 50% x AMIP
Greater than 20% - 50%	\$2.00 Dth or 100% x AMIP
Greater than 50%	\$4.00 Dth or 200% x AMIP

AMIP shall be calculated in accordance with Section 10.2(b) of these General Terms and Conditions.

30.8 UNILATERAL ACTION. If the actions under Sections 30.4 through 30.7 of these General Terms and Conditions are inadequate or there is insufficient time to carry out such procedures, NRC may periodically have to take unilateral action to maintain System pressure and preserve the overall operational integrity of NRC's System (or any portion thereof). NRC is authorized to use all the resources of its System to such ends, and supply received into NRC's

GENERAL TERMS AND CONDITIONS

System, even though gas may be owned by a person other than the entity receiving delivery.

NRC shall not, however, be responsible as a supplier of gas to any Shipper.

30.9 APPLICABILITY OF ACTIONS.

(a) In exercising its authority pursuant to Sections 30.4 through 30.8 of these General Terms and Conditions, NRC shall generally direct its actions to Shippers in the following sequence, to the extent such actions and/or sequencing will tend to alleviate the situation to be addressed:

(1) First, to any Shipper which is causing disruption due to its failure to maintain receipts and deliveries in balance or to match physical flows with nominated receipts or deliveries;

(2) Second, to any Shipper which has failed or is failing to take action to anticipate a change in demand;

(3) Third, to any Shipper which is operating in a manner which conflicts with sound operational practices in relation to NRC's System; and

(4) Lastly, to all other Shippers.

(b) Notwithstanding subsection (a), any Shipper which has taken voluntary action to alleviate a situation shall be exempted from further action under this Tariff to the extent of its voluntary action until NRC has applied equivalent measures to other Shippers.

(c) Operational Flow Orders shall require action within any Shipper class proportionate to appropriate and relevant parameters, such as applicable contract quantities or current or recent flowing gas volumes.

30.10 USE OF PENALTY FUNDS. All amounts collected by NRC, for Unauthorized

GENERAL TERMS AND CONDITIONS

Overrun Charges, under the cash-out provision of this Tariff in excess of cash-out costs and for failure to comply with an Operational Flow Order, including during a Critical Time, shall be allocated and distributed to Shippers pursuant to this Section 22.10 within twenty (20) days after the end of each calendar year, commencing with the year ended *DATE*. The first distribution will be within twenty (20) days after *DATE*. Such allocations and distributions are to be made as follows:

(a) These amounts will be used to compensate NRC for any cash-out payments in excess of cash-out revenues and for any costs NRC has incurred (including any compensation NRC agreed to provide for voluntary actions) to alleviate the conditions which resulted from the imbalance or unauthorized overrun, or which caused the issuance of Operational Flow Orders or declaration of Critical Time. If these amounts are not adequate to reimburse NRC such costs, such costs shall be carried forward to future years until recouped.

(b) Any remaining amounts will be refunded pro rata, based on a Shipper's total reservation and commodity charges paid during the year, to all Shippers; excluding, however, any Shipper which failed to comply with an Operational Flow Order or which had an Unauthorized Overrun. A Shipper's eligibility for refunds shall be determined on a monthly basis and a Shipper which failed to comply with any Operational Flow Order or which had an Unauthorized Overrun shall be excluded from refunds only for the month in which that event occurred.

(c) Any costs incurred by NRC for any cash-out payments in excess of cash-out revenues and for any costs NRC has incurred (including any compensation NRC agreed to provide for voluntary actions) to alleviate the conditions which resulted from

GENERAL TERMS AND CONDITIONS

the imbalance or unauthorized overrun, or which caused the issuance of Operational Flow Orders or declaration of Critical Time, in excess of penalty revenues will be carried forward to the next year's calculation.

30.11 STANDARDS.

(a) In issuing Operational Flow Orders or taking other operational control action under this Section 30, NRC shall apply consistent and objective engineering and operational criteria to define the overall operational integrity of the System and acceptable pressure levels to be protected, to evaluate the imminent nature of any threat to these factors, and to determine what steps are necessary to preserve such factors. Such criteria may be changed from time to time as operating experience indicates.

(b) In applying this Section 30, NRC shall operate its System on a non-discriminatory manner, without regard to the source of supply, the identity or nature of any Shipper or the identity of any entity tendering or receiving gas except as otherwise explicitly provided herein.

31. GAS CONSUMED IN NEBRASKA

Notwithstanding any other provision of this Tariff or any provision of the applicable Rate Schedule, in no event shall NRC be obligated to transport, and NRC shall in no event transport, natural gas for or on behalf of any Shipper where such natural gas is to be redelivered, following the transportation of the gas by NRC, to an interstate pipeline or other transporter for transportation, directly or indirectly, to a Delivery Point outside the State of Nebraska, and consumed outside the State of Nebraska.

32. WAIVER

To the extent that any provision of this Tariff imposes upon NRC a discretionary obligation or

GENERAL TERMS AND CONDITIONS

authority, and except as provided in this Section 32, NRC is hereby authorized to waive, in whole or in part, the application of such Tariff provision, provided that the exercise of any such waiver authority is applied by NRC in a non-discriminatory basis to similarly situated Shippers. In the case of any waiver granted under this Section to any affiliate of NRC, the same waiver shall be granted by NRC to any other Shipper requesting it. Nothing in this Section 32 shall authorize NRC to waive the limitations set forth in Section 31 of these General Terms and Conditions.

GENERAL TERMS AND CONDITIONS

[Reserved]

FORM OF FIRM TRANSPORTATION SERVICE AGREEMENT

In consideration of the representations, covenants and conditions contained below, Nebraska Resources Company, LLC ("Transporter") and Shipper agree, as of [DATE], that Transporter will provide transportation service for Shipper on a firm basis in accordance with the provisions contained in this Firm Transportation Service Agreement ("FTSA").

1. SHIPPER'S NAME AND ADDRESS:

SHIPPER TYPE (Check One): ☐ Non-high-Volume Ratepayer
 ☐ High-Volume Ratepayer

2. TERM OF SERVICE: [DATE] to [DATE] .

3. MAXIMUM DAILY QUANTITY ("MDQ"):

<u>Period</u>	<u>MDQ</u>	
Total		equals Contract Demand.

4. PRIMARY RECEIPT POINT:

- ☐ Transporter's interconnect with Trailblazer Pipeline Company in Clay County, Nebraska.
- ☐ Transporter's interconnect with Kinder Morgan Interstate Gas Transmission LLC in Hamilton County, Nebraska.

5. PRIMARY DELIVERY POINTS & MAXIMUM DAILY DELIVERY QUANTITY ("MDDQ"):

<u>Delivery Point</u>	<u>MDDQ</u>	<u>Period</u>	<u>Min. Del. Press.</u>

6. RATES (Check One):

- ☐ Recourse rate: Maximum FT rate under Transporter's Tariff. (See ¶ 11.)
- ☐ Negotiated rate. (Fixed for the term of this FTSA):
- Reservation Charge/Dth of Total MDQ for Primary Del. Pt. in:
- Zone 1: \$____; Subzone 1A: \$____; Zone 2: \$____; Zone 3: \$____.
- Commodity Charge/Dth delivered in:
- Zone 1: \$____; Subzone 1A: \$____; Zone 2: \$____; Zone 3: \$____.
- Surcharges (all zones): \$____/Dth
- Fuel Reimbursement Percentage (all zones): ____% of quantity received by Transporter

FORM OF FIRM TRANSPORTATION SERVICE AGREEMENT

L&U (all zones):

_____% of quantity received
by Transporter

7. ADDITIONAL FACILITIES CHARGES:

_____ None
_____ Lump sum payment of: \$ _____
_____ Monthly fee of: \$ _____
_____ See additional terms

8. NOTICE OF ROFR EXERCISE: ____ Month(s) in advance of (i) the end of the primary term or (ii) any termination date after the primary term has ended.

9. NOTICES:

To Transporter:

Nebraska Resources Company, LLC

To Shipper:

10. ADDITIONAL TERMS:

11. SUBJECT TO TRANSPORTER'S TARIFF:

If Shipper is not a High-Volume Ratepayer, this FTSA is subject to Transporter's Tariff on file with and approved by the Nebraska Public Service Commission.

If Shipper is a High-Volume Ratepayer, this FTSA is subject to Transporter's Tariff (or Statement of Operating Conditions) on file with or approved by the Federal Energy Regulatory Commission.

SHIPPER APPROVAL:

SIGNATURE: _____

TITLE: _____

DATE: _____

NEBRASKA RESOURCES COMPANY, LLC:

SIGNATURE: _____

TITLE: _____

DATE: _____

FORM OF INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT

In consideration of the representations, covenants and conditions contained below, Nebraska Resources Company, LLC ("Transporter") and Shipper agree, as of [DATE], that Transporter will provide transportation service for Shipper on an interruptible basis in accordance with the provisions contained in this Interruptible Transportation Service Agreement ("ITSA").

1. SHIPPER'S NAME AND ADDRESS:

SHIPPER TYPE (Check One): ☐ Non-high-Volume Ratepayer
 ☐ High-Volume Ratepayer

2. TERM OF SERVICE: ____ [DATE] ____ to ____ [DATE] ____.

3. MAXIMUM DAILY QUANTITY ("MDQ"):

<u>Period</u>	<u>MDQ</u>
_____	_____
_____	_____

4. PRIMARY RECEIPT POINT:

☐ Transporter's interconnect with Trailblazer Pipeline Company in Clay County, Nebraska.
☐ Transporter's interconnect with Kinder Morgan Interstate Gas Transmission LLC in Hamilton County, Nebraska.

5. PRIMARY DELIVERY POINTS & MAXIMUM DAILY DELIVERY QUANTITY ("MDDQ"):

<u>Delivery Point</u>	<u>MDDQ</u>	<u>Period</u>	<u>Min. Del. Press.</u>
_____	_____	_____	_____
_____	_____	_____	_____

6. RATES (Check One):

☐ Recourse rate: Maximum IT rate under Transporter's Tariff. (See ¶ 11.)

☐ Negotiated rate. (Fixed for the term of this ITSA):

Commodity Charge/Dth delivered in:

Zone 1: \$____; Subzone 1A: \$____; Zone 2: \$____; Zone 3: \$____.

Surcharges (all zones): \$____/Dth

Fuel Reimbursement Percentage (all zones): _____% of quantity received by Transporter

L&U (all zones): _____% of quantity received by Transporter

FORM OF INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT

7. ADDITIONAL FACILITIES CHARGES:

_____ None
 _____ Lump sum payment of: \$ _____
 _____ Monthly fee of: \$ _____
 _____ See additional terms

8. NOTICE OF ROFR: Shipper shall have no ROFR Rights.

9. NOTICES:

To Transporter:

Nebraska Resources Company, LLC

To Shipper:

10. ADDITIONAL TERMS:

11. SUBJECT TO TRANSPORTER'S TARIFF:

If Shipper is not a High-Volume Ratepayer, this FTSA is subject to Transporter's Tariff on file with and approved by the Nebraska Public Service Commission.

If Shipper is a High-Volume Ratepayer, this FTSA is subject to Transporter's Tariff (or Statement of Operating Conditions) on file with or approved by the Federal Energy Regulatory Commission.

SHIPPER APPROVAL:

SIGNATURE: _____

TITLE: _____

DATE: _____

NEBRASKA RESOURCES COMPANY, LLC:

SIGNATURE: _____

TITLE: _____

DATE: _____

EXHIBIT Z1

RATE SUPPORT

The proposed rates are based on Schedules A through M with accompanying workpapers which are included in the filing package. The schedules include the following:

Overall Cost of Service:

The overall cost of service is summarized on Statement A. Statement A is supported by Statements B through F with subsidiary statements, schedules, and work papers. These include the following:

Rate Base:

Statement B summarizes rate base and is supported by the following supporting schedules and workpapers.

Statement B	Rate Base and Return Summary
Schedule B-1	Accumulated Deferred Income Taxes
Schedule B-2	Regulatory Assets and Liabilities
Statement C	Cost of Plant Summary
Schedule C-1	End of Base and Test Period Plant Functionalized
Schedule C-2	Workorders for Accounts 106 and 107 Claimed in Rate Base
Schedule C-3	Detail of Storage Projects Owned and Storage Projects Under Contract
Schedule C-4	Methods and Procedures Used in Capitalizing AFUDC
Schedule C-5	Cost of Plant in Service Not Used to Render Gas Service
Schedule C-X WP	End of Base and Test Period Plant Functionalized
Jurisdiction & Zone WP	Summary of Directly Assigned Transmission Plant
Capitalized Interest Calculation	Calculation of Capitalized Interest

Statement D	Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment
Schedule D-1	Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment
Schedule D-2	Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment – Depreciation Rate not approved by the Commission
Statement E	Working Capital
Schedule E-1	Cash Working Capital
Schedule E-2	Materials, Supplies, Pre-payments
Schedule E-3	Detail of Accounts 117.3, 164.1, 164.2 and 164.3

Cost of Capital:

The claimed cost of capital is summarized on Schedule F-1 and supported by the following statements.

Statement F-1	Rate of Return Claimed
Statement F-2	Overall Rate of Return
Statement F-3	Debt Capital
Statement F-4	Preferred Stock Capital

Sales and Revenues:

Expected Sales and revenues are outlined in Statement G and its supporting Statements and workpapers. These include the following:

Statement G (Index)	Revenues, Credits, and Billing Determinants
Statement G (1) (i)	Summary of Operating Revenues and Billing Determinants
Statement G (1) (ii)	Summary of Credits
Statement G (1) (iii)	Summary of Billing Determinants – see Schedule J-1

Schedule G-1	Base Period Revenues – see Schedule J
Schedule G-2	Adjustment Period Revenues
Schedule G-3	Adjustment to Period Billing Determinants
Schedule G-4	At-Risk Revenue
Schedule G-5	Other Revenues
Schedule G-6	Miscellaneous Revenues

Operating Expenses:

Operating Costs are outlined on Statement H and its subsidiary Statements and workpapers. These include the following:

Statement H (Index)	Index to Statement H Working Papers
Statement H-1	Operation And Maintenance Expenses
Schedule H-1 (1) (a)	Labor Costs
Schedule H-1 (1) (b)	Materials And Other Charges (Excluding Purchased Gas Costs)
Schedule H-1 (1) (c)	Expenses Applicable to Accounts 810, 811, and 812
Schedule H-1 (2)	List of Expenses and Names of Firms or Individuals Rendering Service (Exp. > \$100,000)
Schedule H-1 (2) (a)	Fuel Use-Accounts 806, 808.1, 808.2, 809.1, 809.2, 813 and 823
Schedule H-1 (2) (b)	Accounts 913 and 930.1 - Advertising Expenses
Schedule H-1 (2) (c)	Account 921 - Office Supplies
Schedule H-1 (2) (d)	Account 922 - Administrative Expenses Transferred Credit
Schedule H-1 (2) (e)	Account 923 - Outside Services Employed
Schedule H-1 (2) (f)	Account 926 - Employee Pensions and Benefits
Schedule H-1 (2) (g)	Account 928 - Regulatory Commission Expenses

Schedule H-1 (2) (h)	Account 929 - Duplicate Charges Credit
Schedule H-1 (2) (i)	Account 930.2 Miscellaneous General Expenses
Schedule H-1 (2) (j)	Intercompany and Interdepartmental Transactions
Schedule H-1 (2) (k)	Lease Expense
Statement H-2	Depreciation, Depletion, Amortization and Negative Salvage Expenses
Statement H-2 (1)	Reconciliation of Depreciable Plant Schedule H-2 to Aggregate Investment in Gas Plant as Shown on Schedule C
Statement H-3	Income Taxes
Statement H-3 WP	Income Tax Calculation
Statement H-3 (1)	State Income Taxes
Statement H-3 (2)	Reconciliation Between Book and Tax Depreciation Plant
H-3 (2) Work paper	Monthly Book Depr and Monthly Tax Depr
Schedule H-4	Taxes Other Than Income Taxes
Schedule H-4	Taxes Other than Income - Adjusted Taxes
Other Taxes WP	Other Taxes Work paper

Jurisdictional, Zone, and Rate Cost Allocation:

Cost assignments to Jurisdictions, Zones, and Rates are contained in Statement I and its subsidiary Statements, including the following:

Schedule I-1	Functionalization of Cost-of-service
Schedule I-1 (a)	Functionalization of Cost-of-service by Facility
Schedule I-1 (b)	Direct Assignment of Facilities and Incremental Facilities
Juris Alloc Factor Dev WP	Development of jurisdictional allocation factors
Schedule I-1 (d)	Allocation of Costs to Function

Schedule I-2	Classification of Cost-of-service
Schedule I-3	Allocation of Cost-of-service
Schedule I-4	Transmission and Compression of Gas by Others (823)
Schedule I-5	Gas Balance
Sales Forecast by Zone	Forecast Sales and Revenue by zone and jurisdiction

Billing determinants and rates:

Billing determinants and rates are developed in Schedule J and its subsidiary schedules. They include the following:

Statement J	Comparison of Calculated Revenues with Cost-of-service
Schedule J-1	Summary of Billing Determinants by Zone (Dth)
Schedule J-2	Derivation of Transportation Rates

Overall and miscellaneous financial information:

Overall and miscellaneous financial information is contained in the remaining schedules and workpapers. They include the following:

Statement L	Comparative Balance Sheet
Statement M	Statement of Income
DIT Transm WP	Accumulated Deferred Income Taxes Transmission Plant
DIT General Plt WP	Accumulated Deferred Income Taxes General Plant
DIT Intang Assets WP Assets	Accumulated Deferred Income Taxes Intangible
Accum Def IT WP	Work Paper for Accum Def Income Tax - Calc Check

Description of Cost Allocation Methodology:

Costs are allocated to zones based on Transmission Plant investment by Zone. The process begins by allocating Intangible and General Plant to Zones on Schedule C-X WP. All elements of Cost of Service, including Operation and Maintenance Expenses, Depreciation, Return, and Taxes are subsequently allocated to Zones based on plant subtotals.

Costs by zone are assigned to Jurisdictional and Non-Jurisdictional customers based upon either (a) direct assignment of investment serving only a single class of customer; or (b) allocation based on maximum daily delivery requirements. This process begins on the work paper labeled "Jurisdiction & Zone WP" wherein directly assignable transmission plant investment is separated from other transmission plant which must be allocated. Lines 1 through 24 of the upper portion of the work paper contain the investment in transmission lateral pipelines which provide service only to the customer indicated. This investment has been classified as either Jurisdictional or Non-Jurisdictional depending on the identity of the customer. Lines 25 through 48 of the work paper contain direct assignments of meter station investment for each of the customers on lines 1 through 24. This investment has likewise been classified as either Jurisdictional or Non-Jurisdictional depending on the identity of the customer. Lines 49 through 72 of the work paper contains direct assignment of Right of Way for Lateral lines associated with each of the customers on lines 1 through 24. This investment has likewise been classified as either Jurisdictional or Non-Jurisdictional depending on the identity of the customer.

The remaining processes of assigning Transmission Plant to Jurisdictional and Non-Jurisdictional customers occur on the work paper titled "Juris Alloc Factor Dev WP". Transmission Plant by zone is summarized on lines 1 through 12 from information contained on Schedule C-X WP. Directly assigned Transmission Plant from the work paper titled "Jurisdiction & Zone WP" is then summarized on lines 13 through 24. Maximum daily delivery quantities for Jurisdictional and Non-Jurisdictional customers are summarized on lines 25 through 28.

The remaining plant (total less directly assigned) is then allocated on lines 29 through 40 to Jurisdictional and Non-Jurisdictional customers based on the maximum daily delivery quantities appearing on lines 25 through 28. Directly assigned and allocated plant are then summed on lines 41 through 52 to produce the total Transmission Plant assigned to Jurisdictional and Non-Jurisdictional customers. The resulting allocation factor appearing on line 53 is then employed in allocating the costs of service between Jurisdictional and Non-Jurisdictional services on Schedule 1-1(c).

Document Map

Worksheet	Description
Statement A	Overall Cost-of-service
Statement B	Rate Base and Return Summary
Schedule B-1	Accumulated Deferred Income Taxes
Schedule B-2	Regulatory Assets and Liabilities
Statement C	Cost of Plant Summary
Schedule C-1	End of Base and Test Period Plant Functionalized
Schedule C-2	Workorders for Accounts 106 and 107 Claimed in Rate Base
Schedule C-3	Detail of Storage Projects Owned and Storage Projects Under Contract
Schedule C-4	Methods and Procedures Used in Capitalizing AFUDC
Schedule C-5	Cost of Plant in Service Not Used to Render Gas Service
Schedule C-X WP	End of Base and Test Period Plant Functionalized
Jurisdiction & Zone WP	Direct Assignment Plant Balances by Jurisdiction and Zone Workpaper
Capitalized Interest WP	Capitalized Interest Calculation
Statement D	Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment
Schedule D-1	Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment
Schedule D-2	Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment
Statement E	Working Capital
Schedule E-1	Cash Working Capital
Schedule E-2	Materials, Supplies, Pre-payments
Schedule E-3	Detail of Accounts 117.3, 164.1, 164.2 and 164.3
Statement F-1	Rate of Return Claimed
Statement F-2	Overall Rate of Return
Statement F-3	Debt Capital
Statement F-4	Preferred Stock Capital
Sales Forecast by Zone	Sales Forecast by Zone
Statement G (Index)	Revenues, Credits, and Billing Determinants
Statement G (1) (i)	Summary of Operating Revenues and Billing Determinants
Statement G (1) (ii)	Summary of Credits
Statement G (1) (iii)	Summary of Billing Determinants
Schedule G-1	Base Period Revenues
Schedule G-2	Adjustment Period Revenues
Schedule G-3	Adjustment Period Billing Determinants
Schedule G-4	At-Risk Revenue
Schedule G-5	Other Revenues
Schedule G-6	Miscellaneous Revenues
Statement H (Index)	Index to Statement H Working Papers
Statement H-1	Operation And Maintenance Expenses
Schedule H-1 (1) (a)	Labor Costs
Schedule H-1 (1) (b)	Materials And Other Charges (Excluding Purchased Gas Costs)
Schedule H-1 (1) (c)	Expenses Applicable to Accounts 810, 811, and 812
Schedule H-1 (2)	List of Expenses and Names of Firms or Individuals Rendering Service (Exp. > \$100,000)
Schedule H-1 (2) (a)	Fuel Use-Accounts 806, 808.1, 808.2, 809.1, 809.2, 813 and 823
Schedule H-1 (2) (b)	Accounts 913 and 930.1 - Advertising Expenses
Schedule H-1 (2) (c)	Account 921 - Office Supplies
Schedule H-1 (2) (d)	Account 922 - Administrative Expenses Transferred Credit
Schedule H-1 (2) (e)	Account 923 - Outside Services Employed
Schedule H-1 (2) (f)	Account 926 - Employee Pensions and Benefits
Schedule H-1 (2) (g)	Account 928 - Regulatory Commission Expenses
Schedule H-1 (2) (h)	Account 929 - Duplicate Charges Credit
Schedule H-1 (2) (i)	Account 930.2 Miscellaneous General Expenses
Schedule H-1 (2) (j)	Intercompany and Interdepartmental Transactions
Schedule H-1 (2) (k)	Lease Expense
Statement H-2	Depreciation, Depletion, Amortization and Negative Salvage Expenses
Statement H-2 (1)	Reconciliation of Depreciable Plant Schedule H-2 to Aggregate Investment in Gas Plant as Shown on Schedule C
Statement H-3	Income Taxes
Statement H-3 WP	Income Taxes
Statement H-3 (1)	State Income Taxes
Statement H-3 (2)	Reconciliation Between Book and Tax Depreciation Plant
H-3 (2) WP	Monthly Book Depr and Monthly Tax Depr
Statement H-4	Taxes Other Than Income Taxes
Schedule H-4	Taxes Other than Income - Adjusted Taxes
Other Taxes WP	Other Taxes Workpaper
Statement I (Index)	Index of Cost-of-service Classifications
Schedule I-1	Functionalization of Cost-of-service
Schedule I-1 (a)	Functionalization of Cost-of-service by Facility
Schedule I-1 (b)	Direct Assignment of Facilities and Incremental Facilities
Schedule I-1 (c)	Separation of Costs by Zone
Juris Alloc Factor Dev WP	Jurisdictional Allocation Factor Development Workpaper
Schedule I-1 (d)	Allocation of Costs to Function
Schedule I-2	Classification of Cost-of-service
Schedule I-3	Allocation of Cost-of-service
Schedule I-4	Transmission and Compression of Gas by Others (823)
Schedule I-5	Gas Balance
Statement J	Comparison of Calculated Jurisdictional Revenues with Cost-of-service
Schedule J-1	Summary of Jurisdictional Billing Determinants by Zone (Dth)
Schedule J-2	Derivation of Jurisdictional Transportation Rates
Statement L	Comparative Balance Sheet
Statement M	Statement of Income
DIT Transm WP	Accumulated Deferred Income Taxes Transm Plant
DIT General Plt WP	Accumulated Deferred Income Taxes General Plant
DIT Intang Assets WP	Accumulated Deferred Income Taxes Intangible Assets
Accum Def IT WP	WorkPaper for Accum Def Income Tax - Calc Check

[Map](#)

Docket No.
Statement A
Exhibit P

Nebraska Resources Company
Overall Cost-of-service
For the Twelve Months Ended December 31, 2010, As Adjusted

(A) Line No.	(B) Description	(C) Reference	(D) Total As Adjusted
1 2 3 4	Operation and Maintenance Expenses: Transmission Selling, Administrative and General	Statement H-1 Statement H-1	883,787 1,229,935
5	Total Operation and Maintenance Expenses	Statement H-1	2,113,722
6 7 8 9 10 11 12 13 14 15 16	Depreciation Expense Weighted Cost of Capital Return @ Weighted Cost of Capital Line 9 Income Taxes Taxes Other Than Income	Statement H-2 Statement F-2 Statement B Statement H-3 Statement H-4	2,411,111 11.50% 8,989,719 3,659,645 1,481,124
17	Overall Cost-of-service Before Revenue Credits		18,655,321
18 19 20 21 22	Revenue Credits: Discounted FT Revenue Discounted IT Revenue	Statement G (1) (ii) Statement G (1) (ii)	0 0
23	Net Overall Cost-of-service		18,655,321

[Map](#)

Docket No.
Statement B
Exhibit P

**Nebraska Resources Company
Rate Base and Return Summary
For The Twelve Months Ending December 31, 2010**

	(A)	(B)	(C)
Line No.	Description	Reference	Total As Adjusted
1	Total Gas Plant Investment	Statement C	\$ 79,634,730
2			
3	less Accumulated Depreciation	Statement D	2,411,111
4			
5	Net Gas Plant Investment		77,223,619
6			
7	Working Capital	Statement E	411,306
8			
9	Regulatory Assets	Schedule B-2	0
10			
11	Accumulated Deferred Income Taxes	Schedule B-1	(669,012)
12			
13	Total Rate Base at Year End		76,965,913
14			
15	Average Rate Base [(line 1 + line 5) ÷ 2] + line 7 +line 11		78,171,469
16			
17	Rate of Return	Statement F-2	11.50%
18			
19	Return on Rate Base		8,989,719

Nebraska Resources Company
Accumulated Deferred Income Taxes
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Base Period Adjustments	Test Period Adjustments	Adjusted Total
1		Accumulated Deferred Income Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2																		
3	190	Accumulated deferred income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4																		
5	281	Accumulated deferred income taxes - Accelerated Amortization Property																
6		Intangible Plant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7		Transmission Plant	(55,581)	(55,581)	(55,581)	(55,581)	(55,581)	(55,581)	(55,581)	(55,581)	(55,581)	(55,581)	(55,581)	(55,581)	(666,972)	0	0	(666,972)
8		General Plant	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(2,040)	0	0	(2,040)
9		Total Account 281	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(669,012)	0	0	(669,012)
10																		
11		Total Balance	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(55,751)	(669,012)	0	0	(669,012)

Nebraska Resources Company
Regulatory Assets and Liabilities
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		Regulatory Assets and Liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2																	
3	182	Regulatory Assets and Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4																	
5	189	Unamortized loss on reacquired debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6																	
7	254	Other regulatory liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8																	
9		Total Regulatory Assets and Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Regulatory Assets and Liabilities.

Nebraska Resources Company
Cost of Plant Summary
For The Twelve Months Ending December 31, 2010
And as Adjusted for the Test Period

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Line No.	FERC Account No.	Description	Beginning Balance Per Books	Additions	Reductions	Other Changes	Ending Balance Per Books	Reclassification	Adjustments	Plant As Adjusted
			\$	\$	\$	\$	\$	\$	\$	\$
1	101	Gas Plant In Service	79,634,730	0	0	0	79,634,730	0	0	79,634,730
2	102	Gas Plant Purchased Or Sold	0	0	0	0	0	0	0	0
3	105	Gas Plant Held For Future Use	0	0	0	0	0	0	0	0
4	106	Gas Plant Not Classified	0	0	0	0	0	0	0	0
5	107	Construction Work in Progress	0	0	0	0	0	0	0	0
6	117.1	Gas Stored - Base gas	0	0	0	0	0	0	0	0
7	117.2	System Balancing gas	0	0	0	0	0	0	0	0
8										
9	108	Accumulated Provision for Depreciation	0	0	0	(2,411,111)	(2,411,111)	0	0	(2,411,111)
10										
11										
12		Total Cost Of Plant	79,634,730	0	0	(2,411,111)	77,223,619	0	0	77,223,619

Nebraska Resources Company
End of Base and Test Period Plant Functionalized
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)
Line No.	FERC Account No.	Description	Total	Adjustments	Adjusted Total
1	101	Gas Plant In Service	\$	\$	\$
2					
3		Intangible Plant			
4	301	Organization Costs	0	0	0
5	302	Franchises and Consents	0	0	0
6	303	Miscellaneous Intangible Plant	1,100,000	0	1,100,000
7		Capitalization of Interest Expense	106,867	0	106,867
8		Total Intangible Plant	1,206,867	0	1,206,867
9					
10		Transmission Plant			
11	365.1	Land and Land Rights	0	0	0
12	365.2	Rights-Of-Way	5,931,067	0	5,931,067
13	366	Compressor Station Structures	0	0	0
14	367	Mains	58,153,968	0	58,153,968
15	368	Compressor Station Equipment	0	0	0
16	369	Measuring and Regulating Station Equipment	6,698,083	0	6,698,083
17	370	Communication Equipment	0	0	0
18	371	Other Equipment	0	0	0
19		Capitalization of Interest Expense	6,876,738	0	6,876,738
20		Total Transmission Plant	77,659,856	0	77,659,856
21					
22		General Plant			
23	389	Land and Land Rights	51,186	0	51,186
24	390	Structures and Improvements	153,557	0	153,557
25	391	Office Furniture and Equipment	143,320	0	143,320
26	392	Transportation Equipment	209,861	0	209,861
27	393	Stores Equipment	0	0	0
28	394	Tools, Shop and Garage Equipment	117,727	0	117,727
29	395	Laboratory Equipment	0	0	0
30	396	Power Operated Equipment	10,749	0	10,749
31	397	Communication Equipment	12,796	0	12,796
32	398	Miscellaneous Equipment	805	0	805
33		Capitalization of Interest Expense	68,007	0	68,007
34		Total General Plant	768,007	0	768,007
35					
36	107	Construction Work in Progress	0	0	0
37					
38	114	Gas Plant Acquisition Adjustment	0	0	0
39					
40		Total all accounts	79,634,730	0	79,634,730

Nebraska Resources Company
Workorders for Accounts 106 and 107 Claimed in Rate Base
At December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1	106	Completed construction not classified - gas	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2															0	0	0
3																	
4																	
5	107	Construction Work In Progress													0	0	0
6																	
7																	
8																	
9																	
10		Total (106 + 107)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no non gas construction or CWIP.

Nebraska Resources Company
Detail of Storage Projects Owned and Storage Projects Under Contract
At December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		None	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10		Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no storage facilities.

Nebraska Resources Company
Methods and Procedures Used in Capitalizing AFUDC
At December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		AFUDC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2															0	0	0
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10		Total	0	0	0	0	0	0	0	0	0	0	0	0	-	-	-

Note: NRC has no existing facilities or operations. NRC developed an amount for Capitalized Interest based on schedule of the timing of anticipated capital outlays.

Nebraska Resources Company
Cost of Plant in Service Not Used to Render Gas Service
At December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		None	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10		Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no plant in service not used to render gas service.

Nebraska Resources Company
End of Base and Test Period Plant Functionalized
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line No.	FERC Account No.	Description	NRC Amount	Zone 1	Zone 1A	Zone 2	Notes
1	101	Gas Plant In Service					
2							
3		Intangible Plant					
4	301	Organization Costs	0	0	0	0	
5	302	Franchises and Consents	0	0	0	0	
6	303	Miscellaneous Intangible Plant	1,100,000	696,797	82,711	320,492	Initial Legal and Regulatory Costs - Allocated to zone based on Tsm Plant
7		<i>Sub-total Intangible Plant</i>	1,100,000	696,797	82,711	320,492	
8		Capitalization of Interest Expense	106,867	67,695	8,036	31,137	Allocated based on plant balances excluding capitalized interest expense
9		Total Intangible Plant	1,206,867	764,493	90,746	351,629	
10							
11		Transmission Plant					
12	365.1	Land and Land Rights	0	0	0	0	
13	365.2	Rights-Of-Way	5,931,067	3,459,482	579,408	1,892,177	ROW, ROW Agent
14	366	Compressor Station Structures	0	0	0	0	
15	367	Mains	58,153,968	37,885,721	3,819,802	16,448,445	
16	368	Compressor Station Equipment	0	0	0	0	
17	369	Measuring and Regulating Station Equipment	6,698,083	3,492,500	923,083	2,282,500	SCADA, EMF, Metering, Pressure Reg
18	370	Communication Equipment	0	0	0	0	
19	371	Other Equipment	0	0	0	0	
20		<i>Sub-total Transmission Plant</i>	70,783,118	44,837,703	5,322,293	20,623,122	
21		Capitalization of Construction Interest Expense	6,876,738	4,356,083	517,073	2,003,582	Allocated based on plant balances excluding capitalized interest expense
22		Total Transmission Plant	77,659,856	49,193,786	5,839,366	22,626,704	
23							
24		General Plant					Allocated to zone based on Tsm Plant
25	389	Land and Land Rights	51,186	32,424	3,849	14,913	
26	390	Structures and Improvements	153,557	97,271	11,546	44,740	
27	391	Office Furniture and Equipment	143,320	90,786	10,776	41,757	
28	392	Transportation Equipment	209,861	132,937	15,780	61,144	
29	393	Stores Equipment	-	0	0	0	
30	394	Tools, Shop and Garage Equipment	117,727	74,574	8,852	34,300	
31	395	Laboratory Equipment	-	0	0	0	
32	396	Power Operated Equipment	10,749	6,809	808	3,132	
33	397	Communication Equipment	12,796	8,106	962	3,728	
34	398	Miscellaneous Equipment	805	510	61	234	
35	399	Other Tangible Property	-	0	0	0	
36		<i>Sub-total General Plant</i>	700,000	443,416	52,634	203,950	
37		Capitalization of Construction Interest Expense	68,007	43,079	5,114	19,814	Allocated based on plant balances excluding capitalized interest expense
38		Total General Plant	768,007	486,495	57,748	223,764	
39							
40	Memo	<i>Capitalization of Construction Interest Expense</i>	7,051,612	4,466,857	530,222	2,054,533	Memo Item
41							
42	107	Construction Work in Progress	0	0	0	0	
43							
44	114	Gas Plant Acquisition Adjustment	0	0	0	0	
45							
46							
47		Total Gas Plant in Service	79,634,730	50,444,774	5,987,860	23,202,096	

Nebraska Resources Company
Direct Assignment Plant Balances by Jurisdiction and Zone Workpaper
At December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Line No.	Laterals	Costs	Zone 1 Costs		Zone 1A Costs		Zone 2 Costs	
	Delivery Points		Jurisdictional	Non Jurisdictional	Jurisdictional	Non Jurisdictional	Jurisdictional	Non Jurisdictional
Zones 1 & 1A								
1	KMIGT - Non Jurisdictional							
2	Jurisdictional	\$ 160,575	\$ 160,575					
3	Jurisdictional	\$ 124,843	\$ 124,843					
4	Jurisdictional	\$ 203,501	\$ 203,501					
5	Non Jurisdictional	\$ 234,926		\$ 234,926				
6	Jurisdictional	\$ 76,899	\$ 76,899					
7	Jurisdictional	\$ 406,524	\$ 406,524					
8	Jurisdictional	\$ 163,063	\$ 163,063					
9	Non Jurisdictional	\$ 1,847,687		\$ 1,847,687				
10	Jurisdictional	\$ 80,539	\$ 80,539					
11	Jurisdictional	\$ 52,653	\$ 52,653					
12	Jurisdictional	\$ 915,285	\$ 915,285					
13	Jurisdictional							
Zone 2								
14	Jurisdictional	\$ 118,496					\$ 118,496	
15	Jurisdictional	\$ 891,325					\$ 891,325	
16	Jurisdictional	\$ 840,448					\$ 840,448	
17	Non Jurisdictional	\$ 307,056						\$ 307,056
18	Jurisdictional							
19	Jurisdictional	\$ 586,969					\$ 586,969	
20	Jurisdictional	\$ 307,054					\$ 307,054	
21	Jurisdictional	\$ 1,440,530					\$ 1,440,530	
22	Jurisdictional	\$ 99,857					\$ 99,857	
23	Jurisdictional	\$ 350,104					\$ 350,104	
24	Total Laterals	\$ 9,208,333	\$ 2,183,881	\$ 2,082,613	\$ -	\$ -	\$ 4,634,783	\$ 307,056
Measuring and Regulating Station Equipment								
Line No.	Delivery Points	Costs	Zone 1 Costs		Zone 1A Costs		Zone 2 Costs	
			Jurisdictional	Non Jurisdictional	Jurisdictional	Non Jurisdictional	Jurisdictional	Non Jurisdictional
Zones 1 & 1A								
25	KMIGT - Non Jurisdictional	\$ 285,235				\$ 285,235		
26	Jurisdictional	\$ 253,611	\$ 253,611					
27	Jurisdictional	\$ 253,611	\$ 253,611					
28	Jurisdictional	\$ 253,611	\$ 253,611					
29	Non Jurisdictional	\$ 253,611		\$ 253,611				
30	Jurisdictional							
31	Jurisdictional	\$ 253,611	\$ 253,611					
32	Jurisdictional	\$ 253,611	\$ 253,611					
33	Non Jurisdictional	\$ 253,611		\$ 253,611				
34	Jurisdictional							
35	Jurisdictional	\$ 253,611	\$ 253,611					
36	Jurisdictional	\$ 253,611	\$ 253,611					
37	Jurisdictional	\$ 253,611			\$ 253,611			
Zone 2								
38	Jurisdictional	\$ 253,611					\$ 253,611	
39	Jurisdictional	\$ 253,611					\$ 253,611	
40	Jurisdictional	\$ 253,611					\$ 253,611	
41	Non Jurisdictional	\$ 253,611						\$ 253,611
42	Jurisdictional	\$ 253,611					\$ 253,611	
43	Jurisdictional	\$ 253,611					\$ 253,611	
44	Jurisdictional	\$ 253,611					\$ 253,611	
45	Jurisdictional						\$ -	
46	Jurisdictional	\$ 253,611					\$ 253,611	
47	Jurisdictional	\$ 253,611					\$ 253,611	
48	Total Metering	\$ 5,103,844	\$ 1,775,277	\$ 507,222	\$ 253,611	\$ 285,235	\$ 2,028,888	\$ 253,611
Lateral ROW								
Line No.	Delivery Points	Costs	Zone 1 Costs		Zone 1A Costs		Zone 2 Costs	
			Jurisdictional	Non Jurisdictional	Jurisdictional	Non Jurisdictional	Jurisdictional	Non Jurisdictional
Zones 1 & 1A								
49	KMIGT - Non Jurisdictional							
50	Jurisdictional	\$ 33,629	\$ 33,629					
51	Jurisdictional	\$ 24,957	\$ 24,957					
52	Jurisdictional	\$ 44,046	\$ 44,046					
53	Non Jurisdictional	\$ 40,690		\$ 40,690				
54	Jurisdictional	\$ 15,992	\$ 15,992					
55	Jurisdictional	\$ 95,984	\$ 95,984					
56	Jurisdictional	\$ 34,233	\$ 34,233					
57	Non Jurisdictional	\$ 291,770		\$ 291,770				
58	Jurisdictional	\$ 16,875	\$ 16,875					
59	Jurisdictional	\$ 7,439	\$ 7,439					
60	Jurisdictional	\$ 219,448	\$ 219,448					
61	Jurisdictional							
Zone 2								
62	Jurisdictional	\$ 23,417					\$ 23,417	
63	Jurisdictional	\$ 210,965					\$ 210,965	
64	Jurisdictional	\$ 150,099					\$ 150,099	
65	Non Jurisdictional	\$ 54,474						\$ 54,474
66	Jurisdictional							
67	Jurisdictional	\$ 63,972					\$ 63,972	
68	Jurisdictional	\$ 102,672					\$ 102,672	
69	Jurisdictional	\$ 271,081					\$ 271,081	
70	Jurisdictional	\$ 18,894					\$ 18,894	
71	Jurisdictional	\$ 79,623					\$ 79,623	
72	Total ROW	\$ 1,800,260	\$ 492,603	\$ 332,460	\$ -	\$ -	\$ 920,723	\$ 54,474

Capitalized Interest Calculation

Construction Period Interest Calculation

Monthly Interest Rate

Monthly Interest Charge

Cumulative Interest Charge

Nebraska Resources Company
Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	FERC Account No.	Description	Beginning Balance Per Books	Depreciation Provision	Cost of Plant Retired	Cost of Removal	Salvage Cost	Other Debts Or Credits	Ending Balance Per Books	Adjustments	Ending Balance As Adjusted
			\$	\$	\$	\$	\$	\$	\$	\$	\$
1	108	Intangible	-	120,687	-	-	-	-	120,687	-	120,687
2											
3	108	Transmission Plant	-	2,218,742	-	-	-	-	2,218,742	-	2,218,742
4											
5	108	General Plant	-	71,682	-	-	-	-	71,682	-	71,682
6											
7											
8											
9											
10		Total	-	2,411,111	-	-	-	-	2,411,111	-	2,411,111

Nebraska Resources Company
Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment
Depreciation Rate Not Yet Approved By The Commission
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	FERC Account No.	Description	Beginning Balance Per Books	Depreciation Provision	Cost of Plant Retired	Cost of Removal	Salvage Cost	Other Debts Or Credits	Ending Balance Per Books	Adjustments	Ending Balance As Adjusted
			\$	\$	\$	\$	\$	\$	\$	\$	\$
1	108	Intangible									
2											
3	108	Transmission Plant									
4											
5	108	General Plant									
6											
7											
8											
9											
10		Total	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Depreciation Rate Not Yet Approved By The Commission

Nebraska Resources Company
Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment
Depreciation Rate Not Yet Approved By The Commission
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	FERC Account No.	Description	Beginning Balance Per Books	Depreciation Provision	Cost of Plant Retired	Cost of Removal	Salvage Cost	Other Debts Or Credits	Ending Balance Per Books	Adjustments	Ending Balance As Adjusted
			\$	\$	\$	\$	\$	\$	\$	\$	\$
1	108	Intangible									
2											
3	108	Transmission Plant									
4											
5	108	General Plant									
6											
7											
8											
9											
10		Total	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Depreciation Rate Not Yet Approved By The Commission

Statement E
Exhibit P

Nebraska Resources Company
Working Capital
For The Twelve Months Ended December 31, 2010

	(A)	(B)	(C)
Line No.	Description	Schedule Reference	Total as Adjusted
			(\$)
1	Cash Working Capital	Schedule E-1	0
2			
3	Materials and Supplies	Schedule E-2	411,306
4			
5	Prepayments	Schedule E-2	0
6			
7	Gas Stored Underground	Schedule E-3	0
8			
9	Total		411,306

Schedule E-1
Exhibit P

**Nebraska Resources Company
Cash Working Capital
For the Twelve Months Ended December 31, 2010**

Nebraska Resources Company requests no cash working capital in this proceeding.

Nebraska Resources Company
Materials, Supplies, Pre-payments
At December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		Materials and Supplies (a)	\$ 34,276	\$ 34,276	\$ 34,276	\$ 34,276	\$ 34,276	\$ 34,276	\$ 34,276	\$ 34,276	\$ 34,276	\$ 34,276	\$ 34,276	\$ 34,276	\$ 411,306	\$ 0	\$ 411,306
2		Prepaid Insurance	-	-	-	-	-	-	-	-	-	-	-	-	0	0	0
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10		Total	34,276	34,276	34,276	34,276	34,276	34,276	34,276	34,276	34,276	34,276	34,276	34,276	411,306	-	411,306

Note: (a) Includes Line Pack of \$411,306

Nebraska Resources Company
Detail of Accounts 117.3, 164.1, 164.2 and 164.3
For the Twelve Months Ended December 31, 2010
Gas Stored Underground

Nebraska Resources Company does not own any storage facilities.

Detail of Accounts 117.3	\$	-
Detail of Accounts 164.1	\$	-
Detail of Accounts 164.2	\$	-
Detail of Accounts 164.3	\$	-
Total	\$	-

**Nebraska Resources Company
Rate of Return Claimed
For The Twelve Months Ending December 31, 2010**

(A)

Line No.	Discussion
1 2 3 4	Nebraska Resources Company claims, and includes in its cost of service, a rate of return of 11.50% on its net investment in rate base resulting from a return of 14.00% on common equity, based on the capital structure as of December 31, 2010.
5 6 7 8 9	The data being submitted herewith and in the Application and exhibits, as to the fair rate of return, fully demonstrates that the requested overall rate of return is commensurate with returns being earned on investments in other enterprises having corresponding risks, is dictated by the present cost of capital, and is the minimum required consistent with the financial and economic conditions prevailing today.
10 11 12 13	Moreover, such return is required to ensure confidence in Nebraska Resources Company's financial integrity, to maintain its credit, and to enable it to obtain the capital necessary for the proper discharge of its obligations as an interstate natural gas transmission company.
14 15	In the accompanying statements and in the Application and exhibits, Nebraska Resources Company further demonstrates its need for the requested rate of return.

Nebraska Resources Company
Overall Rate of Return
At December 31, 2010

	(A)	(B)	(C)	(D)	(E)
Line No.	Description	Amount	Ratio	Cost	Weighted Cost
1	Capital Component (a)	\$			\$
2					
3	Debt	39,085,734	50.00%	9.00%	4.50%
4					
5	Equity - Preferred Stock	0	0.00%	0.00%	0.00%
6	Equity - Common Stock	39,085,734	50.00%	14.00%	7.00%
7					
8					
9					
10					
11	Total	78,171,469			11.50%

Note: (a) based on average rate base.

Nebraska Resources Company
Debt Capital
At December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line No.	Description	Date of Issuance	Date of Maturity	Interest Rate	Amount	Cost	Weighted Cost
	Debt Series			%	\$		%
1	Initial Debt Issue			9%	\$ 39,085,734	\$3,517,716	
2							
3							
4							
5							
6							
7							
8							
9							
10	Total				\$ 39,085,734	\$3,517,716	9%

Statement F-4
Exhibit P

**Nebraska Resources Company
Preferred Stock Capital
As of December 31, 2010**

	Amount	Rate
Nebraska Resources Company has no preferred stock.		0%

Nebraska Resources Company
Statement G Index
Revenues, Credits, and Billing Determinants
(Please Refer to Statement J and Schedules J-1 and J-2)

Line No.	(A) Reference	(B) Description
1 2 3	Statement G (1) (i)	Summary of Operating Revenues and Billing Determinants - See Statement J Revenues and Schedule J-1 Billing Determinants
4 5	Statement G (1) (ii)	Summary of Discounted Operating Revenues and Billing Determinants
6 7	Statement G (1) (iii)	Summary of Billing Determinants -See Schedule J-1
8 9	Schedule G-1	Base Period Revenues - See Statement J
10 11	Schedule G-2	Adjustment Period Revenues
12 13	Schedule G-3	Adjustment Period Billing Determinants
14 15	Schedule G-4	At-Risk Revenue
16 17	Schedule G-5	Other Revenues
18	Schedule G-6	Miscellaneous Revenues

Statement G (1) (i)
Exhibit P

**Nebraska Resources Company
Summary of Operating Revenues and Billing Determinants
For the Twelve Months Ended December 31, 2010**

Please refer to Statement J and Schedule J-1

Nebraska Resources Company
Summary of Credits
For the Twelve Months Ended December 31, 2010

No FT discounts or credits were given.	\$	-
---	-----------	----------

No IT discounts or credits were given.	\$	-
---	-----------	----------

Statement G (1) (iii)
Exhibit P

Nebraska Resources Company
Summary of Billing Determinants
For the Twelve Months Ended December 31, 2010

Please refer to Schedule J-1.

Schedule G-1
Exhibit P

Nebraska Resources Company
Base Period Revenues
For the Twelve Months Ended December 31, 2010

Please Refer to Statement J.

Schedule G-2
Exhibit P

Nebraska Resources Company
Adjustment Period Revenues
As Adjusted, For the Twelve Months Ended December 31, 2010

**Nebraska Resources Company made no adjustments to
operating revenues or billing determinants**

Schedule G-3
Exhibit P

Nebraska Resources Company
Adjustment Period Billing Determinants
As Adjusted, For the Twelve Months Ended December 31, 2010

Nebraska Resources Company made no adjustments to billing determinants.

Nebraska Resources Company
At-Risk Revenue
As Adjusted, For the Twelve Months Ended December 31, 2010

Nebraska Resources Company has no at-risk revenue.

Nebraska Resources Company
Other Revenues
As Adjusted, For the Twelve Months Ended December 31, 2010

NRC has no Other Revenues.

Schedule G-6
Exhibit P

Nebraska Resources Company
Miscellaneous Revenues
As Adjusted, For the Twelve Months Ended December 31, 2010

NRC has no Misc. Revenues.

Nebraska Resources Company
Index to Statement H Working Papers
For The Twelve Months Ending December 31, 2010

Line No.	(A) Statement Or Schedule	(B) Title
1	H-1	Operation And Maintenance Expenses
2		
3	H-1(1)(a)	Labor Costs
4		
5	H-1(1)(b)	Materials And Other Charges (Excluding Purchased Gas Costs)
6		
7	H-1(1)(c)	Expenses Applicable To Accounts 810, 811, and 812
8		
9	H-1(2)	List of Expenses and Names of Firms or Individuals Rendering Service (Exp. > \$100,000)
10		
11	H-1(2)(a)	Fuel Use - Accounts 806, 808.1, 808.2, 809.1, 809.2, 813 and 823
12		
13	H-1(2)(b)	Accounts 913 and 930.1 - Advertising Expenses
14		
15	H-1(2)(c)	Account 921 - Office Supplies
16		
17	H-1(2)(d)	Account 922 - Administrative Expenses Transferred Credit
18		
19	H-1(2)(e)	Account 923 - Outside Services Employed
20		
21	H-1(2)(f)	Account 926 - Employee Pensions and Benefits
22		
23	H-1(2)(g)	Account 928 - Regulatory Commission Expenses
24		
25	H-1(2)(h)	Account 929 - Duplicate Charges & Credits
26		
27	H-1(2)(i)	Account 930.2 - Miscellaneous General Expenses
28		
29	H-1(2)(j)	Intercompany and Interdepartmental Transactions
30		
31	H-1(2)(k)	Lease Expenses
32		
33	H-2	Depreciation, Depletion, Amortization and Negative Salvage Expenses
34		
35	H-2 (1)	Reconciliation of Schedule H-2 to Schedule C
36		
37	H-3	Income Taxes
38		
39	H-3(1)	Schedule of Income Taxes by State
40		
41	H-3(2)	Reconciliation Between Book and Tax Depreciable Plant
42		
43	Stmt H-4	Taxes Other than Income
44		
45	Schd H-4	Computation of Adjusted Taxes Claimed in Statement H-4

Nebraska Resources Company
Operation And Maintenance Expenses
For The Twelve Months Ending December 31, 2010

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Footnote	Adjusted Total
1		Transmission Expenses:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2		Operation (850-860)																
3	850	Operation supervision and engineering	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,087	85,000			85,000
4	851	System control and load dispatching	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,337	340,000			340,000
5	852	Communication system	0	0	0	0	0	0	0	0	0	0	0	0	0			0
6	853	Compressor station labor and expenses	0	0	0	0	0	0	0	0	0	0	0	0	0			0
7	856	Mains expense	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,413	65,000			65,000
8	857	Measuring and regulating station expenses	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,413	65,000			65,000
9	859	Other expenses	0	0	0	0	0	0	0	0	0	0	0	0	0			0
10	860	Rents	0	0	0	0	0	0	0	0	0	0	0	0	0			0
11		Total Operation	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	555,000	0		555,000
12																		
13		Maintenance (861-868)																
14	861	Maintenance supervision and engineering	548	548	548	548	548	548	548	548	548	548	548	548	6,576			6,576
15	862	Maintenance of structures and improvements	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,369	16,439			16,439
16	863	Maintenance of mains	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,004	240,015			240,015
17	864	Maintenance of compressor station equipment	0	0	0	0	0	0	0	0	0	0	0	0	-			0
18	865	Maintenance of measuring & regulating station equipment	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,739	32,879			32,879
19	866	Maintenance of communication equipment	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,369	16,439			16,439
20	867	Maintenance of other equipment	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,369	16,439			16,439
21		Total Maintenance	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,398	328,787	0		328,787
22																		
23		Transmission Function Total	73,649	73,649	73,649	73,649	73,649	73,649	73,649	73,649	73,649	73,649	73,649	73,648	883,787	0		883,787
24																		
25		Customer Account Expenses																
26		Operation (901-905)																
27	901	Supervision	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,337	100,000			100,000
28	902	Meter Reading													0			0
29	903	Customer Records	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	75,000			75,000
30	904	Uncollectible accounts													0			0
31	905	Miscellaneous expense													0			0
32		Total Customer Account Expenses	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,587	175,000	0		175,000
33																		
34		Sales Expenses																
35		Operation (911-917)																
36	911														0			0
37	912														0			0
38	913														0			0
39	914														0			0
40	915														0			0
41	916														0			0
42	917														0			0
43		Total Sales Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44																		
45		Customer Accounting And Sales Function Total	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,587	175,000	0		175,000
46																		
47		Administrative & General Expenses:																
48		Operation (920-931)																
49	920	Administrative and general salaries	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,837	70,000			70,000
50	921	Office supplies and expenses	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,608	223,362			223,362
51	923	Outside services employed	0	0	0	0	0	0	0	0	0	0	0	0	0			0
52	924	Property insurance	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,337	100,000			100,000
53	925	Injuries and damages	0	0	0	0	0	0	0	0	0	0	0	0	0			0
54	926	Employee pensions and benefits	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,437	101,200			101,200
55	928.1	Regulatory commission expenses	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,338	436,067			436,067
56	928.2	FERC Annual Charge Adjustment (ACA)	0	0	0	0	0	0	0	0	0	0	0	0	-	0		0
57	930.1	General advertising expense	0	0	0	0	0	0	0	0	0	0	0	0	0			0
58	930.2	Miscellaneous expense	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,719	44,672			44,672
59	931	Rents	0	0	0	0	0	0	0	0	0	0	0	0	0			0
60		Total Operation	81,275	81,275	81,275	81,275	81,275	81,275	81,275	81,275	81,275	81,275	81,275	81,276	975,301	0		975,301
61																		
62	932	Maintenance of general plant	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,638	79,634			79,634
63																		
64		Administrative & General Function Total:	87,911	87,911	87,911	87,911	87,911	87,911	87,911	87,911	87,911	87,911	87,911	87,914	1,229,935	0		1,229,935
65																		
66		Total Operation & Maintenance Expense	176,143	176,143	176,143	176,143	176,143	176,143	176,143	176,143	176,143	176,143	176,143	176,149	2,113,722	0		2,113,722

Nebraska Resources Company
Labor Costs
For The Twelve Months Ending December 31, 2010

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		Transmission Expenses:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2		Operation (850-860)															
3	850	Operation supervision and engineering	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,087	85,000		85,000
4	851	System control and load dispatching	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,333	28,337	340,000		340,000
5	852	Communication system	0	0	0	0	0	0	0	0	0	0	0	0	0		0
6	853	Compressor station labor and expenses	0	0	0	0	0	0	0	0	0	0	0	0	0		0
7	856	Mains expense	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,413	65,000		65,000
8	857	Measuring and regulating station expenses	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,413	65,000		65,000
9	859	Other expenses	0	0	0	0	0	0	0	0	0	0	0	0	0		0
10	860	Rents	0	0	0	0	0	0	0	0	0	0	0	0	0		0
11		Total Operation	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	555,000	0	555,000
12																	
13		Maintenance (861-868)															
14	861	Maintenance supervision and engineering	0	0	0	0	0	0	0	0	0	0	0	0	0		0
15	862	Maintenance of structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0	0		0
16	863	Maintenance of mains	0	0	0	0	0	0	0	0	0	0	0	0	0		0
17	864	Maintenance of compressor station equipment	0	0	0	0	0	0	0	0	0	0	0	0	0		0
18	865	Maintenance of measuring & regulating station equipment	0	0	0	0	0	0	0	0	0	0	0	0	0		0
19	866	Maintenance of communication equipment	0	0	0	0	0	0	0	0	0	0	0	0	0		0
20	867	Maintenance of other equipment	0	0	0	0	0	0	0	0	0	0	0	0	0		0
21		Total Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22																	
23		Transmission Function Total	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	46,250	555,000	0	555,000
24																	
25		Customer Account Expenses															
26		Operation (901-905)															
27	901	Supervision	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,337	100,000		100,000
28	903	Customer Records	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	75,000		75,000
29		Total Customer Account Expenses	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,587	175,000	0	175,000
30																	
31		Sales Expenses															
32		Operation (911-917)	0	0	0	0	0	0	0	0	0	0	0	0	0		0
33		Total Sales Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34																	
35		Customer Accounting And Sales Function Total	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,587	175,000	0	175,000
36																	
37		Administrative & General Expenses:															
38		Operation (920-931)															
39	920	Administrative and general salaries	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,837	70,000		70,000
40	921	Office supplies and expenses	0	0	0	0	0	0	0	0	0	0	0	0	0		0
41	923	Outside services employed	0	0	0	0	0	0	0	0	0	0	0	0	0		0
42	924	Property insurance	0	0	0	0	0	0	0	0	0	0	0	0	0		0
43	925	Injuries and damages	0	0	0	0	0	0	0	0	0	0	0	0	0		0
44	926	Employee pensions and benefits	0	0	0	0	0	0	0	0	0	0	0	0	0		0
45	928.1	Regulatory commission expenses	0	0	0	0	0	0	0	0	0	0	0	0	0		0
46	928.2	FERC Annual Charge Adjustment (ACA)	0	0	0	0	0	0	0	0	0	0	0	0	0		0
47	930.1	General advertising expense	0	0	0	0	0	0	0	0	0	0	0	0	0		0
48	930.2	Miscellaneous expense	0	0	0	0	0	0	0	0	0	0	0	0	0		0
49	931	Rents	0	0	0	0	0	0	0	0	0	0	0	0	0		0
50		Total Operation	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,837	70,000	0	70,000
51																	
52	932	Maintenance of general plant															
53																	
54		Administrative & General Function Total:	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,837	70,000	0	70,000
55																	
56		Total Operation & Maintenance Expense	66,666	66,666	66,666	66,666	66,666	66,666	66,666	66,666	66,666	66,666	66,666	66,674	800,000	0	800,000

Nebraska Resources Company
Materials And Other Charges (Excluding Purchased Gas Costs)
For The Twelve Months Ending December 31, 2010

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)		
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Footnote	Adjusted Total
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
1		Transmission Expenses:																
2		Operation (850-860)																
3	850	Operation supervision and engineering	0	0	0	0	0	0	0	0	0	0	0	0	0			0
4	851	System control and load dispatching	0	0	0	0	0	0	0	0	0	0	0	0	0			0
5	852	Communication system	0	0	0	0	0	0	0	0	0	0	0	0	0			0
6	853	Compressor station labor and expenses	0	0	0	0	0	0	0	0	0	0	0	0	0			0
7	856	Mains expense	0	0	0	0	0	0	0	0	0	0	0	0	0			0
8	857	Measuring and regulating station expenses	0	0	0	0	0	0	0	0	0	0	0	0	0			0
9	859	Other expenses	0	0	0	0	0	0	0	0	0	0	0	0	0			0
10	860	Rents	0	0	0	0	0	0	0	0	0	0	0	0	0			0
11		Total Operation	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
12																		
13		Maintenance (861-868)																
14	861	Maintenance supervision and engineering	548	548	548	548	548	548	548	548	548	548	548	548	6,576			6,576
15	862	Maintenance of structures and improvements	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,369	16,439			16,439
16	863	Maintenance of mains	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,001	20,004	240,015			240,015
17	864	Maintenance of compressor station equipment	0	0	0	0	0	0	0	0	0	0	0	0	0			0
18	865	Maintenance of measuring & regulating station equipment	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,740	2,739	32,879			32,879
19	866	Maintenance of communication equipment	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,369	16,439			16,439
20	867	Maintenance of other equipment	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,369	16,439			16,439
21		Total Maintenance	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,398	328,787	0		328,787
22																		
23		Transmission Function Total	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,399	27,398	328,787	0		328,787
24																		
25		Customer Account Expenses																
26		Operation (901-905)																
27	901	Supervision	0	0	0	0	0	0	0	0	0	0	0	0	0			0
28	903	Customer Records	0	0	0	0	0	0	0	0	0	0	0	0	0			0
29		Total Customer Account Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
30																		
31		Sales Expenses																
32		Operation (911-917)													0			0
33		Total Sales Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34																		
35		Customer Accounting And Sales Function Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
36																		
37		Administrative & General Expenses:																
38		Operation (920-931)																
39	920	Administrative and general salaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
40	921	Office supplies and expenses	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,608	223,362	0		223,362
41	923	Outside services employed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	924	Property insurance	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,337	100,000	0		100,000
43	925	Injuries and damages	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44	926	Employee pensions and benefits	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,437	101,200	0		101,200
45	928.1	Regulatory commission expenses	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,338	436,067	0		436,067
46	928.2	FERC Annual Charge Adjustment (ACA)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
47	930.1	General advertising expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48	930.2	Miscellaneous expense	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,719	44,672	0		44,672
49	931	Rents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50		Total Operation	75,442	75,442	75,442	75,442	75,442	75,442	75,442	75,442	75,442	75,442	75,442	75,439	905,301	0		905,301
51																		
52	932	Maintenance of general plant	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,636	6,638	79,634	0		79,634
53																		
54		Administrative & General Function Total:	82,078	82,078	82,078	82,078	82,078	82,078	82,078	82,078	82,078	82,078	82,078	82,077	984,935	0		984,935
55																		
56		Total Operation & Maintenance Expense	109,477	109,477	109,477	109,477	109,477	109,477	109,477	109,477	109,477	109,477	109,477	109,475	1,313,722	0		1,313,722

Nebraska Resources Company
Expenses Applicable to Accounts 810, 811, and 812
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		Transmission Expenses:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2		Operation (850-860)															
3	850	Operation supervision and engineering													0		0
4	852	Communication system													0		0
5	853	Compressor station labor and expenses													0		0
6	856	Mains expense													0		0
7	857	Measuring and regulating station expenses													0		0
8	859	Other expenses													0		0
9	860	Rents													0		0
10		Total Operation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11		Maintenance (861-868)															
12		Maintenance supervision and engineering													0		0
13	861	Maintenance of mains													0		0
14	863	Maintenance of mains													0		0
15	864	Maintenance of compressor station equipment													0		0
16	865	Maintenance of measuring & regulating station equipment													0		0
17	866	Maintenance of communication equipment													0		0
18	867	Maintenance of other equipment													0		0
19		Total Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20																	
21		Transmission Function Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22																	
23		Customer Account Expenses															
24		Operation (901-905)															
25	901														0		0
26	902														0		0
27	903														0		0
28	904														0		0
29	905														0		0
30		Total Customer Account Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31																	
32		Sales Expenses															
33		Operation (911-917)															
34	911														0		0
35	912														0		0
36	913														0		0
37	914														0		0
38	915														0		0
39	916														0		0
40	917														0		0
41		Total Sales Expenses								0	0	0	0	0	0	0	0
42																	
43		Customer Accounting And Sales Function Total								0	0	0	0	0	0	0	0
44																	
45		Administrative & General Expenses:															
46		Operation (920-931)															
47	920	Administrative and general salaries													0		0
48	921	Office supplies and expenses													0		0
49	923	Outside services employed													0		0
50	924	Property insurance													0		0
51	925	Injuries and damages													0		0
52	926	Employee pensions and benefits													0		0
53	928	Regulatory commission expenses													0		0
54	930.1	General advertising expense													0		0
55	930.2	Miscellaneous expense													0		0
56	931	Rents													0		0
57		Total Operation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
58	932	Maintenance of general plant															
59																	
60		Administrative & General Function Total:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
61																	
62		Total Operation & Maintenance Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Expenses Applicable to Accounts 810, 811, and 812

Nebraska Resources Company
List of Expenses and Names of Firms or Individuals Rendering Service (Exp. > \$100,000)
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		None	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Expenses Applicable to Accounts 810, 811, and 812

Nebraska Resources Company
Fuel Use-Accounts 806, 808.1, 808.2, 809.1, 809.2, 813 and 823
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		Fuel Use Accounts	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2	806	Exchange Gas															
3	808.1	Gas withdrawn from storage-Debit															
4	808.2	Gas delivered to storage-Credit															
5	809.1	Withdrawals of liquefied natural gas held for processing-Debit															
6	809.2	Deliveries of natural gas for processing-Credit															
7	813	Other gas supply expenses															
8	823	Gas losses															
9																	
10		Total Fuel Use Accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Fuel Use-Accounts 806, 808.1, 808.2, 809.1, 809.2, 813 and 823

Nebraska Resources Company
Accounts 913 and 930.1 - Advertising Expenses
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1	913 930.1	Advertising Expenses	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2		Advertising Expenses															
3		General advertising expenses															
4																	
5																	
6																	
7																	
8																	
9																	
10		Total Advertising Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Accounts 913 and 930.1 - Advertising Expenses

Nebraska Resources Company
Account 921 - Office Supplies
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1	921	Office Supplies	\$ 18,614	\$ 18,614	\$ 18,614	\$ 18,614	\$ 18,614	\$ 18,614	\$ 18,614	\$ 18,614	\$ 18,614	\$ 18,614	\$ 18,614	\$ 18,608	\$ 223,362	\$ 0	\$ 223,362
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11	921	Total Office Supplies	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,614	18,608	223,362	0	223,362

Nebraska Resources Company
Account 922 - Administrative Expenses Transferred Credit
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	
	Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
	1	922	Administrative Expenses Transferred Credit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	2																	
	3																	
	4																	
	5																	
	6																	
	7																	
	8																	
	9																	
	10	922	Total Administrative Expenses Transferred Credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Note: Nebraska Resources Company has no Account 922 - Administrative Expenses Transferred Credit

**Nebraska Resources Company
Account 923 - Outside Services Employed
For The Twelve Months Ending December 31, 2010**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1	923	Outside Services Employed	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	\$ 0
2															0		0
3															0		0
4															0		0
5															0		0
6															0		0
7															0		0
8															0		0
9	923	Total Outside Services Employed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Account 923 - Outside Services Employed

Nebraska Resources Company
Account 926 - Employee Pensions and Benefits
For the Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2																	
3	926	Employee Pensions and Benefits															
4	926.4	Medical	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000	0	72,000
5	926.2	Retirement Benefits	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,433	2,437	29,200	0	29,200
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15	926	Total Employee Pensions and Benefits	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,433	8,437	101,200	0	101,200

Nebraska Resources Company
Account 928 - Regulatory Commission Expenses

1

Months Ending De

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Footnote	Adjusted Total
1		Regulatory Commission Expenses	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
2																		
3	928.1	Regulatory Commission Expenses	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,338	436,067	0		436,067
4																		0
5	928.2	FERC Annual Charge Adjustment ("ACA")	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
6																		0
7																		0
8																		0
9																		0
10																		0
11																		0
12																		0
13																		0
14																		0
15	928	Total Regulatory Commission Expenses	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,339	36,338	436,067	0		436,067

Notes:

Nebraska Resources Company
Account 929 - Duplicate Charges Credit
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1	929	Duplicate Charges Credit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15	929	Total Duplicate Charges Credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Account 929 - Duplicate Charges Credit

Nebraska Resources Company
Account 930.2 Miscellaneous General Expenses
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2																	
3	930.2	Miscellaneous General Expenses	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,719	44,672		44,672
4															0		0
5															0		0
6															0		0
7															0		0
8															0		0
9															0		0
10															0		0
11															0		0
12															0		0
13															0		0
14															0		0
15	930.2	Total Miscellaneous General Expenses	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,719	44,672	0	44,672

Notes:

Nebraska Resources Company
Intercompany and Interdepartmental Transactions
For The Twelve Months Ending December 31, 2010
And As Adjusted For The Test Period

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2																	
3															0		0
4															0		0
5															0		0
6															0		0
7															0		0
8															0		0
9															0		0
10															0		0
11															0		0
12															0		0
13															0		0
14															0		0
15		Total Intercompany and Interdepartmental Transactions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Intercompany and Interdepartmental Transactions

Nebraska Resources Company
Lease Expense
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		Lease Expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	\$ 0
2															0		0
3															0		0
4															0		0
5															0		0
6															0		0
7															0		0
8															0		0
9															0		0
10															0		0
11															0		0
12															0		0
13															0		0
14															0		0
15		Total Lease Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Nebraska Resources Company has no Lease Expense

Nebraska Resources Company
Depreciation, Depletion, Amortization and Negative Salvage Expenses
For the Twelve Months Ended December 31, 2010, as Adjusted

	(A)	(B)	(C)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
Line No.	FERC Account No.	Description of Function	Total Cost of Gas Plant as Adjusted	Depreciation Method	Annual Rate Per Book	Per Book Expenses	Adjustments	Depreciation Expense As Adjusted	Depletion Expenses	Amortization Expenses	Negative Salvage Expenses	Total Adjustments to Gas Plant	Depreciable Gas Plant as Adjusted
1	403	Intangible	\$ 1,206,867	\$ SLM	10.000%	\$ 120,687	\$ 0	\$ 120,687	\$ 0	\$ 0	\$ 0	\$ 120,687	\$ 1,086,180
2													
3	403	Transmission	77,659,856	SLM	2.857%	2,218,742	0	2,218,742	0	0	0	2,218,742	75,441,114
4													
5	403	General	716,821	SLM	10.000%	71,682	0	71,682	0	0	0	71,682	645,139
6													
7		Total Depreciable Plant	79,583,544			2,411,111	0	2,411,111	0	0	0	2,411,111	77,172,433

Note: Column C plant balances are less Land & Land Rights.

	(A)	(B)	(C)
		Check Calc	
8	365.1	Tsm Plant - Land	0
9			
10	389	General Plant - Land	51,186
11			
12		Total Plant	79,634,730

Schedule H-2 (1)
Exhibit P

Nebraska Resources Company
Reconciliation of Depreciable Plant Schedule H-2 to
Aggregate Investment in Gas Plant as Shown on Schedule C
For the Twelve Months Ended December 31, 2010, as Adjusted

(A)		(B)	
Line No.	Description	Reference	Amount
			\$
1	Total Cost of Plant per Books at 12-31-09	H-2, col C, ln 12	79,634,730
2	Less: Land and Land Rights	H-2, col C, lns 8+10	51,186
3	Total Depreciable Cost of Plant per Books at 12-31-09		79,583,544
4			
5	Less:		
6	Accumulated Depreciation Provision	H-2, col I, ln 7	2,411,111
7	Depletion Expense	H-2, col J, ln 7	0
8	Amortization Expense	H-2, col K, ln 7	0
9	Negative Salvage Expense	H-2, col L, ln 7	0
10	Total Plant Adjustments		2,411,111
11			
12	Schedule H-2 Depreciable Plant	H-2, col N, ln 7	77,172,433

Nebraska Resources Company
Income Taxes
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)
Line No.	FERC Account No.	Description	Reference	Total
1		Income Taxes		\$
2				
3		State Income Taxes	Statement H-3 WP	713,182
4			(line 10, column D)	
5				
6		Federal Income taxes	Statement H-3 WP	2,946,463
7			(line 7, column D)	
8				
9				
10				
11				
12		Total Income Taxes		3,659,645

Nebraska Resources Company
Income Taxes
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)
Line No.	FERC Account No.	Description	Reference	Total
1		Average Rate Base	Schedule B	\$ 78,171,469
2				
3		Rate of Return on Equity (weighted)	Schedule F-2	7.00%
4				
5		Equity Return (after income taxes)	(Ln 1 x Ln 3)	5,472,003
6				
7		Federal Income Taxes {Ln 5 x [FIT rate/(1-FIT rate)]}	(b)	2,946,463
8				
9		State Income taxes (a)		
10		((Ln 5 + Ln 7) x (7.81%/92.19%))	(c)	713,182
11				
12		Total Income Taxes	(Ln 7 + Ln 10)	3,659,645
13				
14		Effective Tax Rate - Composite Federal + State		40.08%

Notes:

(a) State income tax is assumed to be Nebraska only, since assumed delivery occurs in Nebraska. Nebraska corporate tax rate is 7.81% of net income.

(b) Effective Tax Rate: Federal 32.2665%

(c) Effective Tax Rate: State (NE) 7.8100%

Income Tax Rates	
Federal	35.000%
State (NE)	7.810%
Composite	40.077%

Nebraska Resources Company
State Income Taxes
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
1		State Income Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2																	
3		Nebraska (a)	59,432	59,432	59,432	59,432	59,432	59,432	59,432	59,432	59,432	59,432	59,432	59,432	713,182	0	713,182
4															-		-
5															-		-
6															-		-
7															-		-
8															-		-
9															-		-
10															-		-
11															-		-
12															-		-
13															-		-
14															-		-
15		Total State Income Taxes	59432	59432	59432	59432	59432	59432	59432	59432	59432	59432	59432	59432	713,182	0	713,182

Notes:

- (a) State income tax is assumed to be Nebraska only since assumed delivery occurs in Nebraska.
Nebraska corporate tax rate is 7.81% of net income.

Nebraska Resources Company
Reconciliation Between Book and Tax Depreciation Plant
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)
Line No.	Description	January (a)	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Adjusted Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Plant per Books:															
2	Gross Plant	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	0	79,634,730
3	Accumulated Depr.	200,926	401,852	602,778	803,704	1,004,630	1,205,556	1,406,482	1,607,408	1,808,334	2,009,260	2,210,186	2,411,112	2,411,112	0	2,411,112
4	Net Book Plant	79,433,804	79,232,878	79,031,952	78,831,026	78,630,100	78,429,174	78,228,248	78,027,322	77,826,396	77,625,470	77,424,544	77,223,618	77,223,618		77,223,618
5																
6	Plant per Tax:															
7	Gross Plant	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	79,634,730	0	79,634,730
8	Accumulated Depr.	340,038	680,076	1,020,114	1,360,152	1,700,190	2,040,228	2,380,266	2,720,304	3,060,342	3,400,380	3,740,418	4,080,456	4,080,456	0	4,080,456
9	Net Tax Plant	79,294,692	78,954,654	78,614,616	78,274,578	77,934,540	77,594,502	77,254,464	76,914,426	76,574,388	76,234,350	75,894,312	75,554,274	75,554,274		75,554,274
10																
11	Book Depr. In Excess of Tax	(139,112)	(278,224)	(417,336)	(556,448)	(695,560)	(834,672)	(973,784)	(1,112,896)	(1,252,008)	(1,391,120)	(1,530,232)	(1,669,344)	(1,669,344)	0	(1,669,344)
12																
13	Effective Composite Tax Rate	40.08%	40.08%	40.08%	40.08%	40.08%	40.08%	40.08%	40.08%	40.08%	40.08%	40.08%	40.08%	40.08%		
14	Calculated Deferred Taxes	(55,756)	(111,512)	(167,268)	(223,024)	(278,780)	(334,537)	(390,293)	(446,049)	(501,805)	(557,561)	(613,317)	(669,073)	(669,073)	0	(669,073)
15																
16	Deferred Tax on Books (a)	(55,756)	(111,512)	(167,268)	(223,024)	(278,780)	(334,537)	(390,293)	(446,049)	(501,805)	(557,561)	(613,317)	(669,073)	(669,073)	0	(669,073)
17	Calculated vs. Book Deferred Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Notes:

(a) The column January starts with the balances representing the balances at the end of the month.

Nebraska Resources Company
H-3 (2) Workpaper
Monthly Book Depr and Monthly Tax Depr

(A)		(B)
Line No.	Description	Amount (\$)
1	Gross Total Plant in Service	79,634,730
2		
3	12-31-09 Accum. Book Depr.	2,411,111
4	Monthly book depreciation (divide by 12)	200,926
5		
6	12-31-09 Accum. Tax Depr.	4,080,451
7	Monthly tax depreciation (divide by 12)	340,038

**Nebraska Resources Company
Taxes Other Than Income Taxes
For The Twelve Months Ending December 31, 2010**

	(A)	(B)	(C)	(D)	(E)
Line No.	FERC Account No.	Description	Total As Shown Per Books	Total Adjustments	Total As Adjusted
1		Taxes Other Than Income Taxes	\$	\$	\$
2					
3		Ad Valorem Taxes	1,403,208	0	1,403,208
4					
5		FICA Taxes	61,200	0	61,200
6					
7		Federal Unemployment Insurance	6,396	0	6,396
8					
9		State Unemployment Insurance	10,320	0	10,320
10					
11		Franchise	0	0	0
12					
13					
14					
15					
16					
17		Total Taxes Other Than Income	1,481,124	0	1,481,124

Notes:

Nebraska Resources Company
Taxes Other than Income - Adjusted Taxes
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
Line No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	Adjustments	Notes	Adjusted Total
1	Taxes Other Than Income Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
2	Ad Valorem Taxes	116,934	116,934	116,934	116,934	116,934	116,934	116,934	116,934	116,934	116,934	116,934	116,934	1,403,208	-		1,403,208
3														-			-
4	FICA Taxes	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	61,200	-		61,200
5																	
6	Federal Unemployment Insurance	533	533	533	533	533	533	533	533	533	533	533	533	6,396	-		6,396
7																	
8	State Unemployment Insurance	860	860	860	860	860	860	860	860	860	860	860	860	10,320	-		10,320
9																	
10	Franchise	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
11																	
12																	
13																	
14																	
15																	
16																	
17	Total Other Taxes	123,427	123,427	123,427	123,427	123,427	123,427	123,427	123,427	123,427	123,427	123,427	123,427	1,481,124	-		1,481,124

Notes:

Other Taxes WP
Exhibit P

Nebraska Resources Company
Other Taxes Workpaper
For Period Ended December 31, 2010

1. Ad Valorem (Property Taxes)

Nebraska		Notes:
Cost of Plant	\$ 78,427,863	with land
Depreciation	\$ 2,290,424	book depr
Book Value of Tangible Plant	\$ 76,137,438	
Ad Valorem %	1.843%	
Nebraska ad valorem tax		\$ 1,403,213

2. FICA, Federal & State Unemployment Tax

Total Salaries and Wages for NRC			
Salaries and Wages:	\$	800,000	
FICA Tax	7.6500%	\$ 61,200	
Fed Unemp	0.8000%	\$ 6,400	
State Unemp	1.2900%	\$ 10,320	

3. Franchise tax

Projected Nebraska Franchise tax: **\$ -**

4. Total Other Taxes

Total Other Taxes: **\$ 1,481,133**

Nebraska Resources Company
Index of Cost-of-service Classifications
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)
Line No.	Schedule	Description	Comments
1	I-1	Functionalization of Overall Cost of Service	Not applicable to Nebraska Resources Company.
2			
3	I-2	Classification of Cost of Service	
4			
5	I-3	Allocation of Cost of Service	
6			
7	I-4	Transmission and Compression of Gas by Others	
8			
9	I-5	Gas Balance	
10			
11			

Schedule I-1
Exhibit P

Nebraska Resources Company
Functionalization of Cost-of-service
For the Twelve Months Ended December 31, 2010, As Adjusted

	(A)	(B)	(C)
Line No.	Description	Reference	Total As Adjusted
1	Operation and Maintenance Expenses:		
2	Transmission	Statement H-1	883,787
3	Selling, Administrative and General	Statement H-1	1,229,935
4			
5	Total Operation and Maintenance Expenses	Statement H-1	2,113,722
6			
7	Depreciation Expense	Statement H-2	2,411,111
8			
9	Weighted Cost of Capital	Statement F-2	11.50%
10			
11	Return @ Weighted Cost of Capital Line 9	Statement B	8,989,719
12			
13	Income Taxes	Statement H-3	3,659,645
14			
15	Taxes Other Than Income	Statement H-4	1,481,124
16			
17	Overall Cost-of-service Before Revenue Credits		18,655,321
18			
19	Revenue Credits:		
20	Discounted FT Revenue	Statement G (1) (ii)	0
21	Discounted IT Revenue	Statement G (1) (ii)	0
22			
23	Net Overall Cost-of-service		18,655,321

Schedule I-1 (a)
Exhibit P

Nebraska Resources Company
Functionalization of Cost-of-service by Facility
For the Twelve Months Ended December 31, 2010, As Adjusted

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line No.	Description	Reference	Total (\$)	Transmission (\$)	Storage (\$)	Gathering (\$)	Total (\$) Col (D + E + F)
1	Total Cost of Service	Sch I-1 Col C, Line 23	18,655,321	18,655,321	0	0	18,655,321
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9							0
10							0
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18							0
19							0
20							0
21	Total		18,655,321	18,655,321	-	-	18,655,321

Notes:

Nebraska Resources Company
Direct Assignment of Facilities and Incremental Facilities
For the Twelve Months Ended December 31, 2010, As Adjusted
For Additional Detail of Direct Assignment of Facilities, please refer to Jurisdiction & Zone WP.

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Description of Facility	Reference	Total (\$)	Incremental Facilities (\$)	Non-Incremental Facilities (\$)	Total (\$) Col (D + E)
1	Transmission Facilities	Schedule I-1 (a)	18,655,321	-	18,655,321	18,655,321
2						
3						
4						
5						
6	Total Transmission Facilities		18,655,321	-	18,655,321	18,655,321
7	Storage Facilities	Schedule I-1 (a)	-	-	-	-
8						
9						
10						
11						
12	Total Storage Facilities		-	-	-	-
13	Gathering Facilities	Schedule I-1 (a)	-	-	-	-
14						
15						
16						
17						
18	Total Gathering Facilities		-	-	-	-
19						
20	Total Facilities		18,655,321	-	18,655,321	18,655,321

Nebraska Resources Company
Separation of Costs by Zone
For the Twelve Months Ended December 31, 2010, As Adjusted

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
Line No.	Description	Reference	NRC Total	Zone 1	Zone 1 Jurisdiction	Zone 1 Non-Jurisdiction	Zone 1A	Zone 1A Jurisdiction	Zone 1A Non-Jurisdiction	Zone 2	Zone 2 Jurisdiction	Zone 2 Non-Jurisdiction	Total (\$) Col (D + G + J)
1	Final Allocation Factor	Juris Alloc Factor Dev WP	100.00%	63.35%	33.45%	29.89%	7.52%	0.60%	6.92%	29.14%	23.14%	5.99%	100.00%
2													
3	Transmission Costs	Schedule I-1	18,655,321	11,817,249	6,240,864	5,576,385	1,402,723	111,866	1,290,857	5,435,349	4,317,440	1,117,909	18,655,321
4													
5													
6													
7													
8													
9													
10													
11	Total Transmission Costs		18,655,321	11,817,249	6,240,864	5,576,385	1,402,723	111,866	1,290,857	5,435,349	4,317,440	1,117,909	18,655,321
12	Storage Costs	Schedule I-1 (a)	0										0
13													0
14													0
15													0
16													0
17													0
18	Total Storage Costs												0
19	Gathering Costs	Schedule I-1 (a)	0										0
20													0
21													0
22													0
23													0
24													0
25													0
26	Total Gathering Costs												0
27	Total Jurisdictional Costs		10,670,170		6,240,864	5,576,385		111,866	1,290,857		4,317,440	1,117,909	
28	Non-Jurisdictional Costs		7,985,151										
29	Total Costs		18,655,321	11,817,249	6,240,864	5,576,385	1,402,723	111,866	1,290,857	5,435,349	4,317,440	1,117,909	18,655,321
30													
31													

Nebraska Resources Company
Jurisdictional Allocation Factor Development Worksheet
For The Twelve Months Ending December 31, 2010

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	
			Zone 1			Zone 1A			Zone 2			
Line No.	FERC Account No.	Description	NRC Amount	Total Zone 1	Jurisdictional	Non Jurisdictional	Total Zone 1A	Jurisdictional	Non Jurisdictional	Total Zone 2	Jurisdictional	Non Jurisdictional
1		Transmission Plant										
2	365.1	Land and Land Rights	0	0			0			0		
3	365.2	Rights-Of-Way	5,931,067	3,459,482			579,408			1,892,177		
4	366	Compressor Station Structures	0	0			0			0		
5	367	Mains	58,153,968	37,885,721			3,819,802			16,448,445		
6	368	Compressor Station Equipment	0	0			0			0		
7	369	Measuring and Regulating Station Equipment	6,698,083	3,492,500			923,083			2,282,500		
8	370	Communication Equipment	0	0			0			0		
9	371	Other Equipment	0	0			0			0		
10		Sub-total Transmission Plant	70,783,118	44,837,703			5,322,293			20,623,122		
11		Capitalization of Construction Interest Expense	6,876,738	4,356,083			517,073			2,003,582		
12		Total Transmission Plant	77,659,856	49,193,786			5,839,366			22,626,704		

Line No.	FERC Account No.	Description	NRC Amount	Total Zone 1	Jurisdictional	Non Jurisdictional	Total Zone 1A	Jurisdictional	Non Jurisdictional	Total Zone 2	Jurisdictional	Non Jurisdictional
13		Transmission Plant - Direct Assignments										
14	365.1	Land and Land Rights	0	0			0			0		
15	365.2	Rights-Of-Way	1,800,260	825,063	492,603	332,460	0	0	0	975,197	920,723	54,474
16	366	Compressor Station Structures	0	0			0			0		
17	367	Mains	9,208,333	4,266,494	2,183,881	2,082,613	0	0	0	4,941,840	4,634,783	307,056
18	368	Compressor Station Equipment	0	0			0			0		
19	369	Measuring and Regulating Station Equipment	5,103,844	2,282,499	1,775,277	507,222	538,846	253,611	285,235	2,282,499	2,028,888	253,611
20	370	Communication Equipment	0	0			0			0		
21	371	Other Equipment	0	0			0			0		
22		Sub-total Transmission Plant	16,112,438	7,374,056	4,451,761	2,922,295	538,846	253,611	285,235	8,199,536	7,584,394	615,141
23		Capitalization of Construction Interest Expense	1,565,359	716,406	432,499	283,907	52,350	24,639	27,711	796,603	736,841	59,762
24		Total Transmission Plant - Direct Assign	17,677,797	8,090,462	4,884,259	3,206,202	591,196	278,250	312,946	8,996,139	8,321,235	674,904

Line No.	Firm Reservations By Zone	Total FTS Dth/day	Jurisdictional FTS Dth/day	Non Jurisdictional FTS Dth/day	Jurisdictional %	Non Jurisdictional %	Check Sum
25	Zones 1 + 2	62,332	31,991	30,341	51.3236%	48.6764%	100.0000%
26	Zone 1	26,906	6,906	20,000			
27	Zone 1A	28,000	1,000	27,000	3.5714%	96.4286%	100.0000%
28	Zone 2	35,426	25,085	10,341	70.8096%	29.1904%	100.0000%

Line No.	FERC Account No.	Description	NRC Amount	Total Zone 1	Jurisdictional	Non Jurisdictional	Total Zone 1A	Jurisdictional	Non Jurisdictional	Total Zone 2	Jurisdictional	Non Jurisdictional
29		Transmission Plant - less Direct Assignments										
30	365.1	Land and Land Rights	0	0	0	0	0	0	0	0	0	0
31	365.2	Rights-Of-Way	4,130,807	2,634,419	1,352,079	1,282,340	579,408	20,693	558,715	916,980	649,310	267,670
32	366	Compressor Station Structures	0	0	0	0	0	0	0	0	0	0
33	367	Mains	48,945,635	33,619,227	17,254,598	16,364,630	3,819,802	136,420	3,683,382	11,506,605	8,147,781	3,358,824
34	368	Compressor Station Equipment	0	0	0	0	0	0	0	0	0	0
35	369	Measuring and Regulating Station Equipment	1,594,239	1,210,001	621,016	588,985	384,237	13,723	370,514	1	1	0
36	370	Communication Equipment	0	0	0	0	0	0	0	0	0	0
37	371	Other Equipment	0	0	0	0	0	0	0	0	0	0
38		Sub-total Transmission Plant	54,670,680	37,463,647	19,227,693	18,235,955	4,783,447	170,836	4,612,611	12,423,586	8,797,092	3,626,494
39		Capitalization of Construction Interest Expense	5,311,379	3,639,677	1,868,013	1,771,664	464,723	16,597	448,126	1,206,979	854,657	352,322
40		Total Transmission Plant less Direct Assign	59,982,059	41,103,324	21,095,706	20,007,619	5,248,170	187,433	5,060,737	13,630,565	9,651,749	3,978,816

Line No.	FERC Account No.	Description	NRC Amount	Total Zone 1	Jurisdictional	Non Jurisdictional	Total Zone 1A	Jurisdictional	Non Jurisdictional	Total Zone 2	Jurisdictional	Non Jurisdictional
41		Transmission Plant - Allocated to Jurisdiction										
42	365.1	Land and Land Rights	0	0	0	0	0	0	0	0	0	0
43	365.2	Rights-Of-Way	5,931,067	3,459,482	1,844,682	1,614,800	579,408	20,693	558,715	1,892,177	1,570,033	322,144
44	366	Compressor Station Structures	0	0	0	0	0	0	0	0	0	0
45	367	Mains	58,153,968	37,885,721	19,438,479	18,447,243	3,819,802	136,420	3,683,382	16,448,445	12,782,564	3,665,880
46	368	Compressor Station Equipment	0	0	0	0	0	0	0	0	0	0
47	369	Measuring and Regulating Station Equipment	6,698,083	3,492,500	2,396,293	1,096,207	923,083	267,334	655,749	2,282,500	2,028,889	253,611
48	370	Communication Equipment	0	0	0	0	0	0	0	0	0	0
49	371	Other Equipment	0	0	0	0	0	0	0	0	0	0
50		Sub-total Transmission Plant	70,783,118	44,837,703	23,679,454	21,158,250	5,322,293	424,447	4,897,846	20,623,122	16,381,486	4,241,635
51		Capitalization of Construction Interest Expense	6,876,738	4,356,083	2,300,512	2,055,571	517,073	41,236	475,837	2,003,582	1,591,498	412,084
52		Total Transmission Plant by Jurisdiction	77,659,856	49,193,786	25,979,965	23,213,821	5,839,366	465,683	5,373,683	22,626,704	17,972,984	4,653,720
53		Final Allocation Factor	100.0000%		33.4535%	29.8917%		0.5996%	6.9195%		23.1432%	5.9924%

Nebraska Resources Company
Allocation of Costs to Function
For the Twelve Months Ended December 31, 2010, As Adjusted

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line No.	Description	Reference	Total	Transmission (\$)	Storage (\$)	Gathering (\$)	Total (\$) Col (D + E + F)
1	General Costs - All costs are allocated to Transmission		100%	100%	0%	0%	100%
2							0%
3							0%
4							0%
5							0%
6							0%
7							0%
8							0%
9							0%
10							0%
11							0%
12							0%
13							0%
14							0%
15							0%
16							0%
17							0%
18							0%
19							0%
20							0%
21	Total		100%	100%	0%	0%	100%

Notes:

Nebraska Resources Company
Classification of Cost-of-service
For The Twelve Months Ending December 31, 2010

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
Line No.	FERC Account No.	Description	Total	Labor	Non-labor	Fixed	Variable	Reservation	Commodity
1		Transmission Expenses:	\$	\$	\$	\$	\$	\$	\$
2	850	Operation supervision and engineering	85,000	85,000	-	85,000		85,000	-
3	851	System control and load dispatching	340,000	340,000	-	340,000		340,000	-
4	852	Communication system	-	-	-	-		0	-
5	853	Compressor station labor and expenses	-	-	-	-	-	0	-
6	856	Mains expense	65,000	65,000	-	65,000		65,000	-
7	857	Measuring and regulating station expenses	65,000	65,000	-	65,000		65,000	-
8	859	Other expenses	-	-	-	-		0	-
9	860	Rents	-	-	-	-		0	-
10	861	Maintenance supervision and engineering	6,576	-	6,576	6,576		6,576	-
11	862	Maintenance of structures and improvements	16,439	-	16,439	16,439		16,439	-
12	863	Maintenance of mains	240,015	-	240,015	240,015		240,015	-
13	864	Maintenance of compressor station equipment	-	-	-	-	-	0	-
14	865	Maintenance of measuring & regulating station equipment	32,879	-	32,879	32,879		32,879	-
15	866	Maintenance of communication equipment	16,439	-	16,439	16,439		16,439	-
16	867	Maintenance of other equipment	16,439	-	16,439	16,439		16,439	-
17		Total Transmission O & M Expense	883,787	555,000	328,787	883,787	-	883,787	-
18		Administration & General Expenses:							
19	901-905	Customer Account Expenses	175,000	175,000		175,000		175,000	
20	904	Uncollectible accounts	-	-	-	-		0	
21	912	Demonstration and selling expenses	-	-	-	-		0	
22	920	Administrative and general salaries	70,000	70,000	-	70,000		70,000	
23	921	Office supplies and expenses	223,362	-	223,362	223,362		223,362	
24	923	Outside services employed	-	-	-	-		0	
25	924	Property insurance	100,000	-	100,000	100,000		100,000	
26	925	Injuries and damages	-	-	-	-		0	
27	926	Employee pensions and benefits	101,200	-	101,200	101,200		101,200	
28	928	Regulatory commission expenses	436,067	-	436,067	436,067		436,067	
29	930.1	General advertising expense	-	-	-	-		0	
30	930.2	Miscellaneous expense	-	-	-	-		0	
31	931	Rents	44,672	-	44,672	44,672		44,672	
32	932	Maintenance of general plant	79,634	-	-	79,634		79,634	
33		Total Administrative & General Expenses	1,229,935	245,000	905,301	1,229,935	-	1,229,935	-
34		Depreciation	2,411,111	-	2,411,111	2,411,111		2,411,111	
35		Return	8,989,719	-	8,989,719	8,989,719		8,989,719	
37		Taxes Other Than Income	1,481,124	-	1,481,124	1,481,124		1,481,124	
38		Income Taxes	3,659,645	-	3,659,645	3,659,645		3,659,645	
39									
40		COST-OF-SERVICE BEFORE REVENUE CREDITS	18,655,321	800,000	17,775,687	18,655,321	-	18,655,321	-
41		Less Revenue Credits:							
42		FT Discounted Revenue	-	-	-	-	-	0	-
44		IT Discounted Revenue	-	-	-	-	-	0	-
45									
46		NET COST-OF-SERVICE	18,655,321	800,000	17,775,687	18,655,321	-	18,655,321	-

Nebraska Resources Company
Allocation of Cost-of-service
For The Twelve Months Ending December 31, 2010

Line No.	(A) Allocation Factor	(B) Description	(C) Total	(D) Labor	(E) Non-labor	(F) Fixed	(G) Variable	(H) Reservation	(I) Usage
		Total Company	\$	\$	\$	\$	\$	\$	\$
1		Total Transmission O & M Expense	883,787	555,000	328,787	883,787	-	883,787	-
2		Total Administrative & General Expenses	1,229,935	245,000	905,301	1,229,935	-	1,229,935	-
3		Depreciation	2,411,111	-	2,411,111	2,411,111	-	2,411,111	-
4		Return	8,989,719	-	8,989,719	8,989,719	-	8,989,719	-
5		Taxes Other Than Income	1,481,124	-	1,481,124	1,481,124	-	1,481,124	-
6		Income Taxes	3,659,645	-	3,659,645	3,659,645	-	3,659,645	-
7		FT Discounted Revenue	-	-	-	-	-	-	-
8		IT Discounted Revenue	-	-	-	-	-	-	-
9		Net Cost-Of-Service	18,655,321	800,000	17,775,687	18,655,321	-	18,655,321	-
10									
11	63.35%	Zone 1							
12		Total Transmission O & M Expense	559,837	351,566	208,271	559,837	-	559,837	-
13		Total Administrative & General Expenses	779,105	155,196	573,465	779,105	-	779,105	-
14		Depreciation	1,527,323	-	1,527,323	1,527,323	-	1,527,323	-
15		Return	5,694,555	-	5,694,555	5,694,555	-	5,694,555	-
16		Taxes Other Than Income	938,221	-	938,221	938,221	-	938,221	-
17		Income Taxes	2,318,209	-	2,318,209	2,318,209	-	2,318,209	-
18		FT Discounted Revenue	-	-	-	-	-	-	-
19		IT Discounted Revenue	-	-	-	-	-	-	-
20		Net Cost-Of-Service Zone 1	11,817,249	506,762	11,260,043	11,817,249	-	11,817,249	-
21									
22	7.52%	Zone 1A							
23		Total Transmission O & M Expense	66,453	41,731	24,722	66,453	-	66,453	-
24		Total Administrative & General Expenses	92,481	18,422	68,071	92,481	-	92,481	-
25		Depreciation	181,295	-	181,295	181,295	-	181,295	-
26		Return	675,951	-	675,951	675,951	-	675,951	-
27		Taxes Other Than Income	111,368	-	111,368	111,368	-	111,368	-
28		Income Taxes	275,174	-	275,174	275,174	-	275,174	-
29		FT Discounted Revenue	-	-	-	-	-	-	-
30		IT Discounted Revenue	-	-	-	-	-	-	-
31		Net Cost-Of-Service Zone 1A	1,402,723	60,153	1,336,582	1,402,723	-	1,402,723	-
32									
33	29.14%	Zone 2							
34		Total Transmission O & M Expense	257,497	161,703	95,794	257,497	-	257,497	-
35		Total Administrative & General Expenses	358,350	71,382	263,765	358,350	-	358,350	-
36		Depreciation	702,493	-	702,493	702,493	-	702,493	-
37		Return	2,619,213	-	2,619,213	2,619,213	-	2,619,213	-
38		Taxes Other Than Income	431,535	-	431,535	431,535	-	431,535	-
39		Income Taxes	1,066,261	-	1,066,261	1,066,261	-	1,066,261	-
40		FT Discounted Revenue	-	-	-	-	-	-	-
41		IT Discounted Revenue	-	-	-	-	-	-	-
42		Net Cost-Of-Service Zone 2	5,435,349	233,085	5,179,062	5,435,349	-	5,435,349	-
43									
44	100.00%	Check Total (Zones 1+1a+2)	18,655,321	800,000	17,775,687	18,655,321	-	18,655,321	-

Nebraska Resources Company
Transmission and Compression of Gas by Others (823)
For The Twelve Months Ending December 31, 2010

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line No.	FERC Account No.	Description	Total	Labor	Non-labor	Fixed	Variable	Reservation	Usage
			\$	\$	\$	\$	\$	\$	\$
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									

Note: Nebraska Resources Company has no Transmission and Compression of Gas by Others (823)

Nebraska Resources Company
Gas Balance
For The Twelve Months Ending December 31, 2010

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)		
Line No.	FERC Account No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total	
1	800-805	Gas Received														
2		Gas Purchases													0	
3		489.1	Gas of Others Received for Gathering													0
4		489.2	Gas of Others Received for Transmission													0
5		489.3	Gas of Others Received for Distribution													0
6		489.4	Gas of Others Received for Contract Storage													0
7		806	Exchange Gas Received for Others													0
8		806	Gas Received as Imbalances													0
9		858	Receipts of Respondent's Gas Transported by Others													0
10			Other Gas Withdrawn from Storage (Explain)													0
11			Gas Received from Shippers as Compressor Station Fuel													0
12			Gas Received from Shippers as Lost and Unaccounted For													0
13			Other Receipts (Specify):													0
14			Interruptible Storage Service													0
15			Liquefiable transportation													0
16			Pre 636 Transportation													0
17			Transportation Pooling Service													0
18			System Management Purchases													0
19			Operational Balancing Service													0
20			Unallocated Gas													0
21																0
22		Total Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	
23	480-484	Gas Delivered														
24		Gas Sales													0	
25		489.1	Deliveries of Gas Gathered for Others													0
26		489.2	Deliveries of Gas Transported for Others													0
27		489.3	Deliveries of Gas Distributed for Others													0
28		489.4	Deliveries of Contract Storage Gas													0
29		806	Exchange Gas Delivered to Others													0
30		806	Gas Delivered as Imbalances													0
31		858	Deliveries of Gas to Others for Transportation													0
32			Other Gas Delivered to Storage (Explain)													0
33			Gas Used for Compressor Station Fuel													0
34			Other Receipts (Specify):													0
35			Interruptible Storage Service													0
36			Liquefiable transportation													0
37			Transportation Pooling Service													0
38			Operational Balancing Service													0
39			Unallocated Gas													0
40																0
41																0
42			Total Deliveries								0	0	0	0	0	0
43			Gas Unaccounted For													
44		Transmission System Losses	0	0	0	0	0	0	0	0	0	0	0	0	0	
45																
46		Total Unaccounted For	0	0	0	0	0	0	0	0	0	0	0	0	0	
47																
48																
49		Total Deliveries & Unaccounted	0	0	0	0	0	0	0	0	0	0	0	0	0	
50																

Note: NRC does not have and does not anticipate having a gas balance.

**Nebraska Resources Company
Sales Forecast by Zone
For Twelve Months Ended December 31, 2010**

	Jurisdictional FTS Dth/day	Non Jurisdictional FTS Dth/day	Total FTS Dth/day	System Capability Dth/day	Jurisdictional Firm Load Factor %	Non Jurisdictional Firm Load Factor %	Zone Firm Load Factor %	System Load Factor
Zone 1	6,906	20,000	26,906	28,906	35.0%	95.0%	80.0%	95.0%
Zone 1A	1,000	27,000	28,000	28,000	35.0%	95.0%	93.0%	95.0%
Zone 2	25,085	10,341	35,426	36,116	35.0%	95.0%	60.0%	95.0%

Line No.	(A) Description	(B) Jan	(C) Feb	(D) Mar	(E) Apr	(F) May	(G) Jun	(H) Jul	(I) Aug	(J) Sep	(K) Oct	(L) Nov	(M) Dec	(N) Annual Total
1	Total Expected Case													
2	Days	31	28	31	30	31	30	31	31	30	31	30	31	365
3	Jurisdictional Firm Reservation	32,991	32,991	32,991	32,991	32,991	32,991	32,991	32,991	32,991	32,991	32,991	32,991	395,892
4	Jurisdictional Firm Commodity	357,952	323,312	357,952	346,406	357,952	346,406	357,952	357,952	346,406	357,952	346,406	357,952	4,214,600
5														
6	Non Jurisdictional Firm Reservation	57,341	57,341	57,341	57,341	57,341	57,341	57,341	57,341	57,341	57,341	57,341	57,341	688,092
7	Non Jurisdictional Firm Commodity	1,688,692	1,525,271	1,688,692	1,634,219	1,688,692	1,634,219	1,688,692	1,688,692	1,634,219	1,688,692	1,634,219	1,688,692	19,882,991
8														
9	Total Commodity	2,046,644	1,848,583	2,046,644	1,980,625	2,046,644	1,980,625	2,046,644	2,046,644	1,980,625	2,046,644	1,980,625	2,046,644	24,097,591
10														
11	Zone 1													
12	Days	31	28	31	30	31	30	31	31	30	31	30	31	365
13	Jurisdictional Firm Reservation	6,906	6,906	6,906	6,906	6,906	6,906	6,906	6,906	6,906	6,906	6,906	6,906	82,872
14	Jurisdictional Firm Commodity	74,930	67,679	74,930	72,513	74,930	72,513	74,930	74,930	72,513	74,930	72,513	74,930	882,241
15														
16	Non Jurisdictional Firm Reservation	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
17	Non Jurisdictional Firm Commodity	589,000	532,000	589,000	570,000	589,000	570,000	589,000	589,000	570,000	589,000	570,000	589,000	6,935,000
18														
19	Total Commodity	663,930	599,679	663,930	642,513	663,930	642,513	663,930	663,930	642,513	663,930	642,513	663,930	7,817,241
20														
21	Zone 1A													
22	Days	31	28	31	30	31	30	31	31	30	31	30	31	365
23	Jurisdictional Firm Reservation	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
24	Jurisdictional Firm Commodity	10,850	9,800	10,850	10,500	10,850	10,500	10,850	10,850	10,500	10,850	10,500	10,850	127,750
25														
26	Non Jurisdictional Firm Reservation	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	324,000
27	Non Jurisdictional Firm Commodity	795,150	718,200	795,150	769,500	795,150	769,500	795,150	795,150	769,500	795,150	769,500	795,150	9,362,250
28														
29	Total Commodity	806,000	728,000	806,000	780,000	806,000	780,000	806,000	806,000	780,000	806,000	780,000	806,000	9,490,000
30														
31	Zone 2													
32	Days	31	28	31	30	31	30	31	31	30	31	30	31	365
33	Jurisdictional Firm Reservation	25,085	25,085	25,085	25,085	25,085	25,085	25,085	25,085	25,085	25,085	25,085	25,085	301,020
34	Jurisdictional Firm Commodity	272,172	245,833	272,172	263,393	272,172	263,393	272,172	272,172	263,393	272,172	263,393	272,172	3,204,609
35														
36	Non Jurisdictional Firm Reservation	10,341	10,341	10,341	10,341	10,341	10,341	10,341	10,341	10,341	10,341	10,341	10,341	124,092
37	Non Jurisdictional Firm Commodity	304,542	275,071	304,542	294,719	304,542	294,719	304,542	304,542	294,719	304,542	294,719	304,542	3,585,741
38														
39	Total Commodity	576,714	520,904	576,714	558,112	576,714	558,112	576,714	576,714	558,112	576,714	558,112	576,714	6,790,350
40														

Nebraska Resources Company
Comparison of Calculated Jurisdictional Revenues with Cost-of-service
For the Twelve Months Ended December 31, 2010, As Adjusted

	(A)	(C)	(D)	(E)
Line No.	Description	Billing Units (a)	Price Per Unit (b)	Revenue
			\$	\$
1	Calculated Revenues			
2	Rate Schedule FTS			
3	Reservation Zone 1	82,872	16.2568	1,347,234
4	Reservation Zone 1A	12,000	9.3222	111,866
5	Reservation Zone 2	301,020	30.5995	9,211,061
6				
7	Commodity Zone 1	882,241	0	0
8	Commodity Zone 1A	127,750	0	0
9	Commodity Zone 2	3,204,609	0	0
10				
11				
12				
13	Rate Schedule ITS			
14	Commodity Zone 1	0	0.5345	0
15	Commodity Zone 1A	0	0.3065	0
16	Commodity Zone 2	0	1.006	0
17				
18				
19				
20	Total			
21	Reservation			10,670,161
22	Commodity			0
23				
24				
25	Total Estimated Revenues			10,670,161
26				
27				
28	Total Estimated Base Pricing Revenue			10,670,161
29				
30	Jurisdictional Cost-of-service (c)			10,670,170
31				
32	Difference (Due to rounding)			9

Notes:

- (a) Reference Schedule J-1
- (b) Reference Schedule J-2
- (c) Reference Schedule I-1 (c) col C, ln 28

Statement J-1
Exhibit P

Nebraska Resources Company
Summary of Jurisdictional Billing Determinants by Zone (Dth)
For the Twelve Months Ended December 31, 2010, As Adjusted

	(A)	(B)	(C)
Line No.	Description	Reservation (a)	Commodity
1	Total System Billing Determinants	Dth	Dth
2			
3	Rate Schedule FTS	395,892	4,214,600
4	Rate Schedule ITS	-	-
5			
6	Total System Billing Determinants	395,892	4,214,600
7			
8	Zone 1 Billing Determinants	Dth	Dth
9			
10	Rate Schedule FTS	82,872	882,241
11	Rate Schedule ITS	-	-
12			
13	Zone 1 Billing Determinants	82,872	882,241
14			
15	Zone 1A Billing Determinants	Dth	Dth
16			
17	Rate Schedule FTS	12,000	127,750
18	Rate Schedule ITS	-	-
19			
20	Zone 1A Billing Determinants	12,000	127,750
21			
22	Zone 2 Billing Determinants	Dth	Dth
23			
24	Rate Schedule FTS	301,020	3,204,609
25	Rate Schedule ITS	-	-
26			
27	Zone 2 Billing Determinants	301,020	3,204,609

Notes:

- (a) Reservation Dth is computed as the product of the ratio of year days to typical month days and the indicated commodity Dth (365/30=30.417).

Nebraska Resources Company
Derivation of Jurisdictional Transportation Rates
For the Twelve Months Ended December 31, 2010

	(A)	(B)	(C)	(D)
Line No.	Zone 1 Rate Derivation	Schedule Reference	Reservation	Commodity
1	Total Allocated Costs	Schedule I-1 (c), In 5	\$ 6,240,864	\$ -
2				
3	Reservation Design Units (Dth) (Zone 1)	Schedule J-1	82,872	882,241
4	Reservation Design Units (Dth) (Zone 2)	Schedule J-1	301,020	3,204,609
5				
6	Reservation Rate [In 1 + (In 3+4)]	(\$ / Dth / month)	\$ 16.2568	
7				
8	Costs Recovered from Zone 1 Firm Customers		\$ 1,347,234	
9				
10	Usage Design Units (Dth) (Zones 1+2)	Schedule J-1		4,086,850
11				
12	Usage Rate	(\$ / Dth)		\$ -
13				
14	Costs Recovered By Usage Rate			0
15				
16	Component Unit Rates for ITS (\$ / Dth) (daily rate)	Note (a)	\$ 0.5345	\$ -
17				
18	Derived ITS Rate (\$ / Dth)	In 16, col C + col D		\$ 0.5345
	Zone 1A Rate Derivation	Schedule Reference	Reservation	Commodity
19	Total Allocated Costs	Schedule I-1 (c), In 5	\$ 111,866	\$ -
20				
21	Reservation Design Units (Dth) (Zone 1A)	Schedule J-1	12,000	127,750
22				
23	Reservation Rate	(\$ / Dth / month)	\$ 9.3222	
24				
25	Costs Recovered from Zone 1A Reservation Rates		\$ 111,866	
26				
27	Usage Design Units (Dth)	Schedule J-1		127,750
28				
29	Usage Rate	(\$ / Dth)		\$ -
30				
31	Costs Recovered By Usage Rate			0
32				
33	Component Unit Rates for ITS (\$ / Dth) (daily rate)	Note (a)	\$ 0.3065	\$ -
34				
35	Derived ITS Rate (\$ / Dth)	In 33, col C + col D		\$ 0.3065
	Zone 2 Rate Derivation	Schedule Reference	Reservation	Commodity
36	Total Allocated Costs	Schedule I-1 (c), In 5	\$ 4,317,440	\$ -
37				
38	Reservation Design Units (Dth)	Schedule J-1	301,020	3,204,609
39				
40	Zone 2 Reservation Rate Component	(\$ / Dth / month)	\$ 14.3427	
41				
42	Total Zone 2 Reservation Rate (In 6 + In 40)	(\$ / Dth / month)	\$ 30.5995	
43				
44	Costs Recovered From Zone 2 Customers		\$ 9,211,061	
45				
46	Usage Design Units (Dth)	Schedule J-1		3,204,609
47				
48	Usage Rate	(\$ / Dth)		\$ -
49				
50	Costs Recovered By Usage Rate			0
51				
52	Component Unit Rates for ITS (\$ / Dth) (daily rate)	Note (a)	\$ 1.0060	-
53				
54	Derived ITS Rate (\$ / Dth)	In 52, col C + col D		\$ 1.0060

Notes:

(a) Line 5 divided by 30.417, reflecting ITS rate design at 100 percent load factor-equivalent of the FTS rate.

Nebraska Resources Company
Comparative Balance Sheet
As of December 31, 2009 and 2010

	(A)	(B)	(C)	(D)
Line No.	Description	12/31/2009 Balance	12/31/2010 Balance	Notes
1	<u>ASSETS AND OTHER DEBITS</u>	\$	\$	
2				
3	Gross Utility Plant	79,634,730	79,634,730	
4	Accumulated Depreciation and Amortization	0	2,411,111	
5	Net Utility Plant	79,634,730	77,223,619	
6				
7	Other Investments and Special Funds	0	0	
8				
9	Current and Accrued Assets:			
10	Cash and Temporary Cash Investments	0	0	
11	Notes and Accounts receivable	0	0	
12	Material and Supplies	0	411,306	
13	Prepayments	0	0	
14	Miscellaneous Current and Accrued Assets	0	0	
15	Total Current and Accrued Assets	0	411,306	
16				
17	Deferred Debits:			
18	Deferred Financing Charges	0	0	
19	Regulatory Assets	0	0	
20	Accumulated Deferred Income Taxes	0	(669,012)	
21	Miscellaneous Deferred Debits	0	0	
22	Total Deferred Debits	0	(669,012)	
23				
24	TOTAL ASSETS AND OTHER DEBITS	79,634,730	76,965,913	
25				
26				
27	<u>LIABILITIES AND OTHER CREDITS</u>			
28				
29	Common Equity	39,085,734	39,085,734	
30	Retained Earnings	0	0	
31	Total Equity	39,085,734	39,085,734	
32				
33	Long-term Debt	39,085,734	39,085,734	
34	Notes Payable to Associated Companies	0	0	
35	Total Long-term Debt	39,085,734	39,085,734	
36				
37	Current and Accrued Liabilities:			
38	Accounts Payable	0	0	
39	Advances from Associated Companies	0	0	
40	Customer Deposits	0	0	
41	Taxes Accrued	0	0	
42	Interest Accrued	0	0	
43	Miscellaneous Current and Accrued Liabilities	0	0	
44	Total Current and Accrued Liabilities	0	0	
45				
46	Deferred Credits:			
47	Regulatory Liability	0	0	
48	Other Deferred Credits	0	0	
49	Accumulated Deferred Income Taxes	0	669,012	
50	Total Deferred Credits	0	669,012	
51				
52	TOTAL LIABILITIES AND OTHER CREDITS	78,171,468	78,840,480	

Nebraska Resources Company
Statement of Income
As of December 31, 2009 and 2010

	(A)	(B)	(C)	(D)
Line No.	Description	Current Year	Previous Year	Notes
		\$	\$	
1	Utility Operating Income:			
2	Operating Revenues	18,655,321		
3				
4	Operating Expenses:			
5	Operating Expense	1,705,301		
6	Maintenance Expense	408,421		
7	Depreciation Expense	2,411,111		
8	Amortization of Debt Discount and Expense			
9	Taxes Other Than Income	1,481,124		
10	Federal Income Taxes	2,946,463		
11	Other Income Taxes	713,182		
12	Provision for Deferred Taxes			
13	Provision for Deferred Taxes - Credit			
14	Total Operating Expenses	9,665,602		
15				
16	Net Utility Operating Income	8,989,719		
17				
18	Other Income:			
19	Allowance for Other Funds used During Construction	0		
20	Miscellaneous Nonoperating Income	0		
21	Total Other Income	0		
22				
23	Other Income Deductions:			
24	Miscellaneous Income Deductions	0		
25	Total Other Income Deductions	0		
26				
27	Taxes Applicable to Other Income and Deductions			
28	Income Taxes - Federal	0		
29	Income Taxes - State	0		
30	Total Taxes on Other Income and Deductions	0		
31				
32	Net Other Income and Deductions	0		
33				
34	Interest Charges			
35	Interest Charges on Long Term Debt	3,517,716		
36	Allowance for Borrowed Funds Used During Construction			
37	Net Interest Charges	3,517,716		
38				
39	Net Income	5,472,003		
40	Balance Beginning of Year	0		
41	Adjustments to Retained Earnings	0		
42	Contribution from Shareholders	0		
43	Distributions to Shareholders	0		
44	Balance Transferred from Income	5,472,003		
45	Balance End of Year	5,472,003		

Nebraska Resources Company
Accumulated Deferred Income Taxes
Transmission Pipeline Asset

DIT Transmission WP
Exhibit P

Yr	Plant Investment	Book Depr Rate	Tax Depr Rate 1/	Book Depr 2/	Tax Depr	Difference	Deferred Inc. Taxes	Accum Deferred Income Tax Liab 3/
1	\$ 77,659,856	2.857%	5.00%	\$ 2,218,742	\$ 3,882,993	\$ 1,664,251	\$ 666,973	\$ 666,973
2		2.857%	9.50%	2,218,742	7,377,686	5,158,944	2,067,524	2,734,498
3		2.857%	8.55%	2,218,742	6,639,918	4,421,176	1,771,852	4,506,350
4		2.857%	7.70%	2,218,742	5,979,809	3,761,067	1,507,304	6,013,654
5		2.857%	6.93%	2,218,742	5,381,828	3,163,086	1,267,654	7,281,308
6		2.857%	6.23%	2,218,742	4,838,209	2,619,467	1,049,791	8,331,099
7		2.857%	5.90%	2,218,742	4,581,932	2,363,189	947,084	9,278,183
8		2.857%	5.90%	2,218,742	4,581,932	2,363,189	947,084	10,225,266
9		2.857%	5.91%	2,218,742	4,589,697	2,370,955	950,196	11,175,462
10		2.857%	5.90%	2,218,742	4,581,932	2,363,189	947,084	12,122,546
11		2.857%	5.91%	2,218,742	4,589,697	2,370,955	950,196	13,072,742
12		2.857%	5.90%	2,218,742	4,581,932	2,363,189	947,084	14,019,825
13		2.857%	5.91%	2,218,742	4,589,697	2,370,955	950,196	14,970,021
14		2.857%	5.90%	2,218,742	4,581,932	2,363,189	947,084	15,917,105
15		2.857%	5.91%	2,218,742	4,589,697	2,370,955	950,196	16,867,301
16		2.857%	2.95%	2,218,742	2,290,966	72,224	28,945	16,896,245
17		2.857%		2,218,742	-	(2,218,742)	(889,194)	16,007,051
18		2.857%		2,218,742	-	(2,218,742)	(889,194)	15,117,857
19		2.857%		2,218,742	-	(2,218,742)	(889,194)	14,228,663
20		2.857%		2,218,742	-	(2,218,742)	(889,194)	13,339,469
21		2.857%		2,218,742	-	(2,218,742)	(889,194)	12,450,275
22		2.857%		2,218,742	-	(2,218,742)	(889,194)	11,561,080
23		2.857%		2,218,742	-	(2,218,742)	(889,194)	10,671,886
24		2.857%		2,218,742	-	(2,218,742)	(889,194)	9,782,692
25		2.857%		2,218,742	-	(2,218,742)	(889,194)	8,893,498
26		2.857%		2,218,742	-	(2,218,742)	(889,194)	8,004,304
27		2.857%		2,218,742	-	(2,218,742)	(889,194)	7,115,110
28		2.857%		2,218,742	-	(2,218,742)	(889,194)	6,225,915
29		2.857%		2,218,742	-	(2,218,742)	(889,194)	5,336,721
30		2.857%		2,218,742	-	(2,218,742)	(889,194)	4,447,527
31		2.857%		2,218,742	-	(2,218,742)	(889,194)	3,558,333
32		2.857%		2,218,742	-	(2,218,742)	(889,194)	2,669,139
33		2.857%		2,218,742	-	(2,218,742)	(889,194)	1,779,945
34		2.857%		2,218,742	-	(2,218,742)	(889,194)	890,750
35		2.857%		2,218,742	-	(2,218,742)	(889,194)	1,556
		100%	100%	\$ 77,655,973	\$ 77,659,856	\$ 3,883	\$ 1,556	

35 year
2.857%

Note: (a) transmission Plant less Land & Land Rights plus Right of Way

1/ Per IRS, gas pipelines can use 15 year MACRS (General Depreciation Service method 150% declining balance) half year convention.

2/ SL method assumes no salvage value.

3/ First year monthly deferred tax is \$ 666,973 divided by 12 = \$ 55,581

Tax Rates	
Federal	35.00%
State (NE)	7.81%
Composite	40.08%

10 year
10.000%

Tax life is 7 years and class life is 10 years (pg. 93). Table A14 shows the yearly depreciation rates for tax purposes (pg 82).

4/ First year monthly deferred income tax is \$ 2,040 divided by 12 = \$ 170

Tax Rates	
Federal	35.00%
State (NE)	7.81%
Composite	40.08%

Nebraska Resources Company
Accumulated Deferred Income Taxes
Intangible Assets 1/

**10 year
10.000%**

Page 82 of 83

ADIT Check WP
Exhibit P

WorkPaper for Accum Def Income Tax - Calc Check

Yr 1 tot depr expense	per books	per tax	Diff	ADIT: Calculation Check
Transm plant	\$ 2,218,742	\$ 3,882,993	\$ (1,664,251)	\$ (666,973)
General plant	\$ 71,682	\$ 76,772	\$ (5,089)	\$ (2,040)
Intang assets	\$ 120,687	\$ 120,687	\$ -	\$ -
Totals	<u>\$ 2,411,111</u>	<u>\$ 4,080,451</u>	<u>\$ (1,669,340)</u>	<u>\$ (669,013)</u>

Composite tax rate 40.08%
Accum Def Income Taxes - Liability
End of year 1 (12-31-2010) \$ 669,013

EXHIBIT Z2

STATEMENT OF COMPLIANCE WITH AFFILIATE CONDUCT REGULATIONS

This Statement sets forth NRC's policies respecting compliance with the Regulations of the Nebraska Public Service Commission ("Commission") governing affiliate conduct, Sections 17.02(E) through 17.02(G) of the Commission's Regulations. These Regulations will be applicable to NRC as a jurisdictional utility. In addition, this Statement sets forth NRC's policies respecting compliance with the Standards of Conduct regulations of the Federal Energy Regulatory Commission ("FERC") pertaining to relationships between Transmission Providers and their Energy and Marketing Affiliates, 18 C.F.R. § 358 (2007). These standards of conduct will be applicable to NRC's activities pursuant to any limited jurisdiction certificate issued by the FERC authorizing NRC to provide interstate transportation service on behalf of high-volume ratepayers.

COMMISSION REGULATIONS GOVERNING AFFILIATE CONDUCT

1. Non-Discriminatory Requirements

Sections 17.02(E) through 17.02(G) of the Commission's Regulations set forth the non-discriminatory requirements for affiliate relationships in Nebraska. These sections require that: tariffs be implemented in a non-discriminatory manner; affiliates must be treated the same as non-affiliates; an affiliate desiring to purchase ancillary services must do so at market-based rates; an affiliate may not receive preferential treatment through a tariff provision; and an affiliate may not receive a service that is not available under the utility's tariff. These requirements are similar to FERC's non-discrimination requirements under 18 C.F.R. § 358.5 (2007). In addition, Section 17.02(D) of the Commission's Regulations mandates that the jurisdictional utility adopt a code of conduct approved by the Commission if its affiliate seeks to

provide service on the utility's system. NRC will comply with all of these non-discrimination requirements.

2. Shared Employees

Section 17.02(A) of the Commission's Regulations states that the utility and affiliate must either have separate employees or allocate shared employee time between the utility and the affiliate. NRC will comply with this Regulation by allocating shared employee time between the NRC and its affiliates.

3. Information Sharing and Conduits

Although the Commission's Regulations do not directly address information sharing between affiliated entities, NRC will implement measures to prevent any employee from being used as a conduit for information between transmission operations of NRC and marketing operations of Seminole affiliates to comply with sections 358.5(a)(1) and 358.5(b)(7) of the FERC's regulations.

4. Shared Office Space

Pursuant to section 17.02(C) of the Commission's Regulations, an affiliate must have its own "reasonable separate" office space and if the office space is acquired from the utility it must be at market-based rates. Because the Commission's Regulations allow shared employees and information, NRC interprets "reasonably separate" to mean at arm's-length. This office space could be on the same floor, provided there is a wall between the two offices and transmission data is not accessible by non-transmission employees. Consequently, NRC's non-transmission function employees could share office space with Seminole employees. In order to comply with the Commission's Regulations and sections 358.4(b)(2) and 358.4(a)(3)(ii) of the FERC's regulations, NRC will maintain reasonably separate office space for its non-shared Transmission

Function Employees.

5. Books and Records

Section 17.02(J) of the Commission's Regulations requires the utility to keep separate books and records from the affiliate. These requirements are similar to FERC's requirements under 18 C.F.R. § 358.4(d) (2007). NRC will comply with these requirements.

6. Compliance

Although the Commission's Regulations do not require the utility to post its affiliates' names, addresses and any shared facilities on the utility's website, NRC will do so in order to comply with sections 358.4(b)(1) and 358.4(b)(2) of the FERC's regulations. In addition, NRC will post comprehensive organizational charts and a written compliance plan of standards of conduct procedures. *See*, 18 C.F.R. §§ 358.4(b)(3), 358.4(e)(1), and 358.4(e)(5) (2007).

7. Other

Section 17.02(B) of the Commission's Regulations states that employee incentives must not create a conflict of interest between the utility and the affiliate. The FERC does not have any similar requirement. NRC and its affiliates will comply with this Commission requirement.

Section 17.02(H) of the Commission's Regulations requires that an "affiliate must be responsible for its own bad debt and the collection of such debt." The FERC does not have any similar requirement. NRC's affiliates will comply with this Commission requirement.

Section 17.02(I) of the Commission's Regulations prohibits the affiliate from representing itself as the utility. The FERC does not have any similar requirement. NRC's affiliates will comply with this Commission requirement.

FEDERAL STANDARDS OF CONDUCT

Pursuant to FERC Order No. 690, as clarified by Order No. 690-A, FERC's standards of

conduct apply only to “natural gas Transmission Providers that are affiliated with a marketing or brokering entity that conducts transportation transactions on such natural gas Transmission Provider’s pipeline.” *Standards of Conduct for Transmission Providers*, Order No. 690, 118 FERC ¶ 61,012 (2007), *order on reh’g*, Order No. 690-A, 118 FERC ¶ 61,229, at P 2 (2007). Under FERC regulations, “marketing and brokering” include “a sale of natural gas to any person or entity by a seller that is not an interstate pipeline, except when: (1) the seller is selling gas solely from its own production; (2) the seller is selling gas solely from its own gathering or processing facilities; or (3) the seller is an intrastate natural gas pipeline or a local distribution company making an on-system sale.” 18 C.F.R. § 358.3(l) (2007). Consequently, FERC’s standards of conduct regulations apply when an entity controlled by the Transmission Provider (that is not itself a pipeline or LDC making on-system sales and is not selling gas it produced or gathered and processed) sells natural gas that is transported on the Transmission Provider’s pipeline. The definition of Transmission Provider is “any interstate natural gas pipeline that transports gas for others pursuant to subpart A of part 157 [pertaining to traditional NGA certificates] or subparts B or G of part 284 [pertaining to blanket open-access transportation certificates].” 18 C.F.R. § 358.3(a)(2) (2007).

The limited jurisdiction certificate NRC will request from the FERC, *see* Part IV. D. 2 of this Application, is an authorization pursuant to subpart G of part 284, thereby triggering application of FERC’s standards of conduct regulations to NRC’s dealings with Seminole and other affiliated entities. NRC will comply with FERC’s Standards of Conduct to the extent not waived by FERC.

1. Non-Discriminatory Requirements

FERC’s non-discrimination requirements under 18 C.F.R. § 358.5 (2007) set forth the

general non-discriminatory requirements of FERC's Standards of Conduct. This section requires that tariffs be implemented in a non-discriminatory manner, affiliates must be treated the same as non-affiliates, an affiliate desiring to purchase ancillary services must do so at market-based rates, an affiliate may not receive preferential treatment through a tariff provision; and an affiliate may not receive a service that is not available under the utility's tariff. These requirements are similar to those under the Commission's Regulations governing affiliate conduct. NRC will comply with these requirements.

2. Shared Employees

Sections 358.4(a)(1), 358.4(a)(4) and 358.4(a)(5) of the FERC's regulations generally do not allow Transmission Providers to share "Transmission Function Employees" with their marketing affiliates. 18 C.F.R. § 358.4(a)(1) (2007).¹ However, the FERC permits Transmission Providers to share support employees, such as field and maintenance, senior officers and directors, and risk management employees, subject to prohibition on disclosing transmission information. 18 C.F.R. §§ 358.4(a)(4), 358.4(a)(5), and 358.4(a)(6) (2007).

The prohibition on shared transmission function employees has been the subject of many waivers granted by the FERC to small entities, like NRC, which have a small staff split between affiliated entities. In August 2007, FERC granted *Rendezvous Pipeline Co.* a partial waiver from the standards of conduct requirements under Order No. 690² because of the pipeline's small size, limited operations, and lack of staff. *Rendezvous Pipeline Co.*, 120 FERC ¶ 61,131, at P 19

¹ A "Transmission Function Employee" is defined as an "employee, contractor, consultant or agent of a Transmission Provider who conducts transmission system operations or reliability functions, including, but not limited to, those who are engaged in day-to-day duties and responsibilities for planning, directing, organizing or carrying out transmission-related operations. 18 C.F.R. § 358.3(j) (2007).

² This waiver is only applicable to Order No. 690, which is an interim rule. When the FERC issues a final rule on the standards of conduct applicable to transmission providers, the FERC's finding will be subject to the final rule.

(2007). In doing so, the FERC relied upon past waivers it issued under Order No. 690's predecessor, Order No. 2004.³ In addition, Rendezvous implemented restrictions on its employees to assure the FERC that transmission information was not used to advantage an affiliate.

Because these waivers have been routinely granted in the past, NRC will request a similar waiver with its limited jurisdiction certificate application and propose to share Transmission Function Employees with its marketing affiliates.

3. Information Sharing and Conduits

FERC's regulations state that employees of a marketing affiliate "may only have access to information available to the Transmission Provider's transmission customers (*i.e.*, the information posted on the OASIS or Internet Web site, as applicable), and must not have access to any information about the Transmission Provider's transmission system that is not available to all users." 18 C.F.R. § 358.5(a)(1) (2007). FERC's regulations also specifically prohibit both Transmission Providers and their employees from using "anyone as a conduit for sharing information" regarding the Transmission Provider's transmission system, the transmission system of another, or information acquired from non-affiliated transmission customers, potential customers, or developed in the course of responding to requests for transmission or ancillary services. 18 C.F.R. § 358.5(b)(7) (2007).

³

See, e.g., Jupiter Energy Corporation, 115 FERC ¶ 61,317, at P 64 (2006) (finding that Discovery Gas Transmission, LLC's 30-inch, 105-mile transmission line qualifies for waiver of the independent functioning requirement and the information access and non-disclosure provisions of the standards of conduct under Order No. 2004 because of its small size, lack of staff and limited operations); *American Transmission Company L.L.C.*, 109 FERC ¶ 61,082, at P 44, 68 (2004) (granting partial waiver of the standards of conduct to SCG Pipeline, Inc., a 31-mile interstate pipeline with no employees and to Venice Gathering System, L.L.C., a 253-mile interstate pipeline with a single delivery point and no employees, because of these pipelines' small size, lack of staff, and limited operations).

Because NRC's shared staff may require non-public transmission information, NRC will request a waiver of these requirements from the FERC. NRC will implement measures to prevent any employee from being used as a conduit for information between transmission operations of NRC and marketing operations of Seminole affiliates.

4. Shared Office Space

FERC's regulations require the Transmission Provider to post a list of the facilities shared with its marketing and energy affiliates on its internet website. 18 C.F.R. § 358.4(b)(2) (2007). However, FERC explicitly prohibits a marketing affiliate from having access "to the system control center or similar facilities used for transmission operations or reliability functions." 18 C.F.R. § 358.4(a)(3)(ii) (2007). Essentially, FERC's office space regulations track FERC's regulations governing separate employees, *i.e.*, if the employees cannot be shared then the office space cannot be shared. In accordance with the regulations of the Commission and the FERC, NRC will maintain reasonably separate office for its non-shared Transmission Function Employees. This office space could be on the same floor provided there is a wall between the two offices and transmission data is not accessible by non-transmission employees. NRC will comply with these requirements.

5. Books and Records

Section 358.4(d) of FERC's regulations requires that the Transmission Provider keep separate books and records from its affiliates. NRC will comply with this requirement.

6. Compliance

Sections 358.4(b)(1) and 358.4(b)(2) of FERC's regulations require Transmission Providers to post their affiliates' names, addresses, and any shared facilities on the Transmission Providers website. FERC's regulations also require that the Transmission Provider post

comprehensive organizational charts and a written compliance plan of standards of conduct procedures. *See*, 18 C.F.R. §§ 358.4(b)(3), 358.4(e)(1), and 358.4(e)(5) (2007). Employees of the Transmission Provider and its affiliates must be provided a copy of the written procedures and employees involved in transmission and marketing functions must be trained on the standards of conduct in accordance with Sections 358.4(e)(4) and 358.4(e)(5) of FERC's regulations. Also, Transmission Providers must appoint a Chief Compliance Officer to enforce the standards of conduct. *See*, 18 C.F.R. §§ 358.4(e)(6) (2007). NRC will comply with these requirements.

EXHIBIT Z3

ENGINEERING DESCRIPTION

1.1 GENERAL PIPELINE DESCRIPTION

The Nebraska Resources Pipeline will consist of approximately 185.6 miles of 20-inch, 16-inch, 10-inch, 8-inch, 6-inch, and 4-inch diameter pipeline, with appurtenances. The trunkline will consist of 12.54 miles of 20-inch diameter (from mile marker 0 to mile marker 12.54) and 98.45 miles of 16-inch diameter pipeline. It will commence five miles east of the town of Fairfield, Nebraska, in Clay County at an interconnect with Trailblazer Pipeline Co. (“Trailblazer”) and extend northward and eastward to the cities of Columbus and Schuyler, Nebraska, in Platte and Colfax Counties, respectively. (Please see Exhibit F, Proposed Final Alignment Maps). A 10-inch diameter receipt lateral (“KMIGT Lateral”) will originate just southeast of the Platte River and Grand Island at an interconnect with Kinder-Morgan Interstate Gas Transmission (“KMIGT”) and extend eastward approximately 12.52 miles to just west of the city of Aurora, Nebraska, in Hamilton County. Various other delivery laterals are identified in Table 1.1.2 in Section 1.1.2, below.

The overwhelming majority of the pipeline will parallel existing road rights-of-way and half-section lines of cultivated agricultural land. It is routed to minimize environmental impact.

The pipeline traverses the following counties in Nebraska:

- Clay
- Hamilton
- York
- Polk
- Butler
- Platte
- Colfax

The majority of the route traverses Class 1 (rural and agricultural) areas. Exact class locations pursuant to the regulations of the Department of Transportation, codified at 49 C.F.R. Part 192, will be identified during the physical survey of the pipeline route.

No compressor stations are currently contemplated as part of this project.

Nebraska Resources Pipeline will have a maximum allowable operating pressure (“MAOP”) of 1000 psig. Exhibits G, G-I, and G-II provide more detailed diagrams of the Nebraska Resources Pipeline operational characteristics. Nebraska Resources Pipeline proposes to install two new receipt meters: the Trailblazer Interconnect and the Kinder-Morgan Interstate Gas Transmission (“KMIGT”) Interconnect. Nebraska Resources Pipeline proposes to install nineteen delivery meter stations along the Nebraska Resources Pipeline route at the locations further described below. Fourteen of these proposed delivery meter stations are for cities and towns served by Aquila, Inc. Four of these proposed delivery meter stations are for proposed biofuels plants.

In addition, Nebraska Resources Pipeline will install various appurtenant facilities including motor control centers, pig launchers and receivers, approximately 15 mainline valves, regulators, the auxiliary facilities at each meter station, auxiliary equipment and plant yard piping, and approximately 16 lateral valve sites with associated pig launchers. All of these facilities will be located within the pipeline corridor, and meter station rights-of-way; and, as such, all have been, or will be, covered by the environmental surveys.

Normal operation of the pipeline will include receipt of gas from Trailblazer at around 700 psig into the Mainline pipeline at the Trailblazer Interconnect and delivery of this gas to all of the Aquila delivery meter stations and all of the biofuels plants with the exception of the Nebraska Energy (Aventine) facility just west of Aurora in Sec. 6, T-10-N, R-6-W, Hamilton

County. Normal operation will also include receipt of natural gas from Kinder Morgan at 500-656 psig at the KMITG Interconnect and delivery of this gas to the Nebraska Energy (Aventine) biofuels facility just west of Aurora. Since this KMITG Lateral will normally operate at a lower pressure, the gas on this KMITG Lateral will not normally be able to be delivered to other customers on the Mainline and its associated laterals. Controls on the pipeline will allow delivery of natural gas to Aquila at Aurora from the KMITG Lateral under normal operations. This will be accomplished by simply opening a control valve at the Nebraska Energy biofuels facility and closing a control valve at the Aquila Aurora facility. Under operating conditions where receipts of natural gas from Trailblazer are substantially reduced or curtailed, natural gas could be supplied to the Mainline from the KMITG Lateral by opening the control valves at both the Nebraska Energy and the Aquila Aurora meter stations. Under this scenario, the total NRC pipeline would operate at a lower pressure.

1.1.1 Trunkline and Second Receipt Lateral Pipelines

The Trunkline will consist of a approximately 12.54 miles of 20" O.D., X-52, 0.281 w.t. and 98.45 miles of 16" O.D., X-42, 0.281 w.t. steel pipe (in some cases the wall thickness will be increased in order to meet the regulations of the Department of Transportation, codified at 49 C.F.R. Part 192), commencing from the Trailblazer Interconnect in the west side of the Southwest Quarter of the Southwest Quarter of Sec. 3, T-5-N, R-6-W, Clay County, Nebraska, proceeding northward and eastward through portions of central Nebraska, terminating at a proposed point in the east side of the Northeast Quarter of the Northeast Quarter of Sec. 25, T-17-N, R-01-E, Platte County, Nebraska.

The KMITG Lateral will consist of approximately 12.52 miles of 10.75" O.D., X-42, 0.188 w.t. steel pipe from the KMITG Interconnect in the northeast corner of the Southwest

Quarter of Sec. 6, T-10-N, R-8-W, Hamilton County, Nebraska, to the Southeast Quarter of the Northeast Quarter of Sec. 6, T-10-N, R-6-W, Hamilton County, Nebraska. Approximately 0.85 miles on the west end of this pipeline may become a Class 2 location, in which case the wall thickness of this portion will be increased to 0.219".

1.1.2 Lateral Pipelines

Approximately 62.038 miles of laterals including the following:

<u>TABLE 1.1.2 – Lateral Pipelines</u>			
<u>Lateral Name</u>	<u>Distance (Miles)</u>	<u>Outside Diameter (Inches)</u>	<u>Mainline Mile Marker Origination Point</u>
Nebraska Energy (Aventine) at Aurora	4.960	8.625	28.374
Aquila at Aurora	1.066	4.500	30.120
Aquila at Hampton	0.791	4.500	36.030
Aquila at Bradshaw	1.396	6.625	44.329
Northern Utilities at Bradshaw	1.345	6.625	44.820
York Lateral for Aquila	0.507	4.500	52.777
Aquila York #1	3.043	4.500	At end of "York Lateral for Aquila"
Aquila York #2	1.085	4.500	At end of "York Lateral for Aquila"
Central BioEnergy at Utica	9.250	8.625	65.475
Shelby/Osceola Lateral	0.535	4.500	82.453
Shelby - Aquila	0.236	4.500	At end of Shelby/Osceola Lateral
Osceola - Aquila	6.957	4.500	At end of Shelby/Osceola Lateral
Rising City - Aquila	0.742	4.500	88.950
Garrison - Aquila	6.688	4.500	89.250
David City - Aquila	4.759	6.625	97.214
Butler County Ethanol at David City	1.727	6.625	At end of "David-City – Aquila" Lateral
Columbus #2	3.255	6.625	110.687
Columbus #1	2.524	6.625	At end of "Columbus #2 Lateral"
Schuyler Main Lateral	8.594	6.625	110.986
Schuyler #2	0.599	4.500	At end of "Schuyler Main Lateral"
Schuyler #1	2.530	4.500	At end of "Schuyler Main Lateral"

Each of these laterals will include pig launchers and isolation valves at their respective origination points and pig receivers and isolation valves at their respective terminus points.

1.1.3 Receipt Meter Stations

1. Trailblazer Interconnect Meter Station – Install an interconnect and measurement facility, with appurtenances, located at the west side of the Southwest Quarter of the Southwest Quarter of Sec. 3, T-5-N, R-6-W, Clay County, Nebraska. This site will be owned and operated by Trailblazer.
2. KMITG Interconnect Meter Station – Install an interconnect and measurement facility, with appurtenances, located in northeast corner of the Southwest Quarter of Sec. 6, T-10-N, R-8-W, Hamilton County, Nebraska. This site will be owned and operated by KMITG.

1.1.4 Delivery Meter Stations

Install an interconnect and measurement facility, with appurtenances, at approximately the following locations.

<u>TABLE 1.1.4 (1) – Delivery Meter Station Locations</u>					
	<u>Meter Name</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
1	Nebraska Energy (Aventine) at Aurora	6	10 North	6 West	Hamilton
2	KMITG Lateral (Jurisdictional)	6	10 North	6 West	Hamilton
3	Aquila at Aurora	10	10 North	6 West	Hamilton
4	Aquila at Hampton	33	11 North	5 West	Hamilton
5	Aquila at Bradshaw	35	11 North	4 West	York
6	Northern Utilities at Bradshaw	35	11 North	4 West	York
7	Aquila York #1	1	10 North	3 West	York
8	Aquila York #2	19	11 North	2 West	York
9	Central BioEnergy at Utica	27	11 North	1 East	Seward
10	Aquila at Shelby	15	14 North	1 West	Polk
11	Aquila at Osceola	21	14 North	2 West	Polk
12	Aquila at Rising City	10	14 North	1 East	Butler
13	Aquila at Garrison	14	14 North	2 East	Butler
14	Aquila at David City	30	15 North	3 East	Butler
15	Butler County Ethanol at David City	12	15 North	2 East	Butler
16	Aquila at Columbus #1	20	17 North	1 East	Platte
17	Aquila at Columbus #2	26	17 North	1 East	Platte
18	Aquila at Schuyler #1	22	17 North	3 East	Colfax
19	Aquila at Schuyler #2	28	17 North	3 East	Colfax

In addition to the facilities described above, NRC will construct and operate the following ancillary facilities:

1. Pig launching and receiving equipment.
2. Mainline block valves will be installed where required by the U.S. Department of Transportation (DOT) regulations for safe and reliable operation. These valves are proposed at the locations shown in Table 1.1.4 (2):

<u>TABLE 1.1.4 (2) – Mainline Block Valves and Pig Launcher/Receivers</u>			
<u>Mile Marker</u> ¹	<u>Full Port Valve Size (Inches)</u>	<u>Pig Launcher/Receiver</u>	<u>County</u>
0	20	20" Launcher	Clay
6.88	20		Clay
12.54	20	20" Receiver/16" Launcher	Clay
21.29	16		Hamilton
30.12	16		Hamilton
39.46	16		Hamilton
48.77	16		York
58.22	16		York
67.55	16		York
76.92	16		Polk
86.91	16		Butler
96.28	16		Butler
105.89	16		Butler
110.99	16	16" Receiver	Platte
6.567 ²	10		Hamilton
¹ Mile markers are mapped mile markers and are used for reference and may not reflect actual surveyed distances.			
² This mile marker is the mile marker on the KMIGT Lateral which is treated separately from the mile markers for the Mainline.			

3. Auxiliary equipment at each of the meter stations that will include certain electronic flow measurement equipment, valves, pressure regulators, buildings, and piping. This equipment will typically include block valves, pressure bleed-down valves, two pressure regulating valves (similar to those manufactured by Fisher and Mooney Controls), pressure relief valves (similar to those manufactured by Fisher/Emerson), straightening vanes, a turbine meter (similar to those manufactured by Elster American Meter

Company) meeting AGA Report No. 7 specifications, check valves to prevent backflow of gas, external heating to prevent freezing, meter housing, electronic flow measurement recording and transmitting to remote monitoring, and, in some cases, flow control valves.

The total estimated construction cost for the NRC Project is \$71,188,996, including overhead and contingency.¹ The details of the cost estimates for all of these facilities are submitted as a part of Exhibit K.

1.2 LAND REQUIREMENTS

1.2.1 Land Requirements

Aerial route maps depicting the land requirements for the NRC Project are provided in Exhibit F to the Application. A summary of pipeline land requirements for the NRC Project is included in Table 1.2.2. Further land requirement descriptions will be included in the final Environmental Assessment (to be filed as a supplement to NRC's application on March 15, 2008) and are more fully described in Appendices C (Wetland And Waterbody Construction and Mitigation Procedures), D (NRC Upland Erosion Control, Revegetation, And Maintenance Plan) and E (NRC Depth of Cover Plan) to Exhibit F-I to this Application, the Preliminary Environmental Report Summary.

1.2.2 Pipeline Facilities

The construction and operation of the proposed pipeline facilities will require acquisition of temporary and permanent right-of-way ("ROW") easements. Where possible, while providing a safe distance between adjacent facilities, the NRC construction ROW will parallel existing road and adjacent power line ROWs. Land requirements for pipeline facilities are listed in Table 1.2.2.

¹ Does not include any estimate of costs associated with FERC filings.

(a) **Construction Right-of-Way**

NRC proposes to use a 100-foot-wide construction right-of-way to allow for the safe and efficient construction of its pipeline while accommodating temporary storage of topsoil and trench spoil, the area needed for operation of large equipment, and anticipated construction techniques. In addition, NRC will use additional workspace outside the 100 feet, where needed at crossings of roads, railroads, waterbodies, wetlands, and other areas for additional spoil storage. Depending on the type of trench excavation equipment used, the ditch width will vary from 6 to 12 feet, or wider in some soils, and range in depth from roughly 5 feet or greater, depending on site specific factors, such as drain tile or terracing. To prevent spoil fallback into the trench, the ditch spoil will necessarily be placed several feet back from the trench opening. Depending on top soil segregation requirements, the amount of topsoil generated will typically require 10 to 20 feet of the ROW width for storage. Figure 1.2.2 (Attached hereto as Appendix A) presents typical right-of-way cross sections for the proposed Project. Detail “Q” on Figure 1.2.2 is the typical overland construction right-of-way showing the 50-foot-wide permanent right-of-way, and the 50-foot-wide temporary right-of-way.

Detail “R” on Figure 1.2.2 is the typical wetland construction right-of-way with the temporary right-of-way reduced to 15 feet for an overall 65-foot-wide right-of-way. Detail “S” is just the permanent right-of-way and is the configuration between the entry and exit points of HDDs. This detail shows the permanent easement and is not intended to infer that there will be a 50-foot-wide area of disturbance. Details “T”, “U”, “V”, and “W” are variations of Details “Q” and “R” where the pipeline would be constructed adjacent to existing utility rights-of-way. NRC proposes no overlap of these rights-of-way, as they are not owned by NRC. Detail “X” swaps the working side to the other side of the permanent right-of-way. Details “Y” and “Z” depict

upland and wetland rights-of-way, respectively, where the pipeline would be offset from the existing right-of-way to protect a water line.

Of the 100-foot-wide construction right-of-way NRC proposes to use for construction, 50 feet will be maintained as permanent right-of-way for operation of the Project. The remaining 50 feet of temporary right-of-way will revert to prior use. Where possible, NRC's proposed construction right-of-way will be adjacent to existing utility rights-of-way to avoid establishing new pipeline corridor. NRC's construction right-of-way will not overlap existing rights-of-way.

A breakdown of currently estimated land requirements organized by pipeline facility is provided in Table 1.2.2. Construction of the proposed Project will affect approximately 2,477.64 acres of land for the pipeline construction right-of-way and extra workspaces. In addition, approximately 50.23 acres of previously disturbed commercial/industrial land will be required for contractor yards (see Table 1.2.2) and four meter stations for biofuels facilities. Extra workspace requirements are based on typical requirements for the crossings described above and will be shown on the final alignment sheets for this project. Following construction, about 1,354.04 acres (including all extra work spaces and temporary construction rights-of-way) will be allowed to revert to previous uses. The remaining 1,123.64 acres will be maintained as permanent pipeline right-of-way; however, most pre-existing land uses can continue. Permanent surface facilities (*e.g.*, block valves and meter stations) will affect approximately 1.93 acres.

<u>TABLE 1.2.2 – Land Requirements for NRC Pipeline</u>		
<u>Project Component</u>	<u>Temporary Construction Acres¹</u>	<u>Permanent Operation Acres²</u>
Mainline Pipeline Corridor	1,345.28	672.64
KMIGT Lateral	146.09	73.04
Other Laterals	751.98	375.99
Extra Temporary Work Space ³	232.36	0
Contractor Pipe Yard Sites ⁴	50.00	0
Mainline Block Valves	0.52	0.52

<u>TABLE 1.2.2 – Land Requirements for NRC Pipeline</u>		
<u>Project Component</u>	<u>Temporary Construction Acres¹</u>	<u>Permanent Operation Acres²</u>
Lateral Block Valves	0.55	0.55
Launcher/Receiver Facilities ⁵	0.00	0.00
Delivery Meter Stations ⁶	0.86	0.86

Notes to Table 1.2.2:

- ¹ Standard Construction ROW for the mainline is 100 feet wide. Other project component temporary construction acreages are site specific.
- ² Standard permanent operation ROW is 50 feet wide.
- ³ Extra Temporary Work Space is based upon an estimated 2 acres on either side of each proposed bore and an extra 1,900 feet of temporary right-of-way for the Platte River Bore southeast of Columbus. This figure will be revised after actual surveying.
- ⁴ Operation of permanent ROW will not preclude most pre-existing land uses.
- ⁵ Preliminary contractor/pipe yards identified at this time.
- ⁵ Current design requires all pig launcher/receiver facilities to be located at block valve locations. No additional temporary or permanent acreage will be required for these facilities.
- ⁶ Delivery meter stations are estimated to be fifty feet by fifty feet. This figure will be revised after actual surveying and acquisition of the sites. Delivery meter stations for biofuels plants are assumed to be within plant sites on already disturbed commercial/industrial land.

(b) Additional Temporary Workspace

Additional temporary workspace (“ATWS”) along the construction ROW will typically be required in certain areas, such as at the beginning and end of each construction spread for mobilization and demobilization; for stringing truck turnaround areas; where the proposed pipeline crosses over an adjacent pipeline; where the pipeline crosses under buried features (*e.g.*, foreign pipelines, utility lines, *etc.*); on both sides of roads, railroads, wetlands, and waterbodies; residential areas and at directionally drilled crossings. ATWS also will be required in areas with steep side slopes to allow the grading required to create a level and safe work surface across the width of the ROW for equipment operation. All ATWS is currently identified at each end bore identified on the aerial maps, Exhibit F to the Application. A table of the ATWS will be updated upon completion of the pipeline survey.

(c) Permanent Right-of-Way

NRC will acquire a permanent ROW easement of 50 feet. The 50-foot-wide permanent ROW will typically be 25 feet on either side of the proposed pipeline centerline. Mainline valves will be located within the permanent ROW.

(d) Access Roads

Currently, the only new permanent roads NRC has identified that would require construction for the project are those that would provide access to each new meter station site. All of the new meter stations for Aquila are currently contemplated to be installed adjacent to existing Aquila meter stations and should have almost no impact on roads. NRC will use existing public roads for access to and from the ROW. Should improvement of any existing or creation of additional new access roads be necessary, these roads will be surveyed for listed species, wetlands and cultural resources, as required, and the information then provided to the Director for review and approval prior to implementation. NRC will negotiate with landowners for use of any suitable private roads that may be used during construction or operation.

(e) Pipe Storage/Contractor Yards

Pipe storage/contractor yards will be needed during the construction phase of the project. The locations of the proposed pipe storage yards/contractor yards have not yet been identified. Where possible, NRC's construction contractor will use only commercial or industrial areas, and it is anticipated that these will be the only type of areas utilized. NRC is currently negotiating with potential contractors and NRC does not wish to compromise its negotiating position by listing potential storage yards/contractor yards at this time. Once these locations are determined, and any additional pipe storage/contractor yards are identified by contractors and/or pipe suppliers, these locations will be surveyed for listed species, wetlands and cultural resources, as

required, and the information will then be provided to the Director for review and approval prior to use. Approximately 50 acres of land are proposed for temporary contractor/pipe yard use.

1.2.3 Aboveground Facilities

As described in Table 1.2.2, aboveground facilities for the project include meter stations, pig launchers and receivers, mainline block valves, and lateral block valves.

Each of the delivery meter stations and receipt meter stations/interconnects will be installed within fenced facilities. All of the launcher/receiver facilities are grouped with other metering and/or above ground valve facilities, and thus will not require additional acreage for operation. NRC has attempted to locate these facilities adjacent to roads, wherever possible, to minimize disruption to land uses.

Mainline valves will be installed where required by DOT regulation and where pipeline operations would dictate for safe, continual, and reliable operations. The Mainline valves and lateral valves will be constructed and installed at 32 locations within the permanent pipeline ROW and will not require additional space. Each mainline valve and lateral valve not collocated within a meter station will typically consist of a 30-foot by 50-foot (0.03 acre) fenced-in area. NRC has attempted to locate these facilities adjacent to roads, wherever possible, to minimize disruption to land uses. The 32 locations were selected to facilitate the operations and maintenance of the pipeline. The sites were selected based on the following:

- Compliance with 49 C.F.R. Part 192, current edition; and
- Avoidance of structures, residences, and sensitive environmental features.

1.3 CONSTRUCTION PROCEDURES

NRC and its contractors have a responsibility to ensure that all parties allowed on the ROW during all phases of the project are present with proper advanced landowner notification

and permission. Additionally, NRC will ensure that all of its personnel, contractors, and subcontractors are properly supervised while on the ROW.

The proposed facilities will be designed and constructed in accordance with 49 C.F.R. Part 192, Transportation of Natural Gas and Other Gas by Pipeline, Minimum Federal Safety Standards, as well as other applicable federal and state regulations, except where otherwise specified in this application or approved by the Nebraska Public Service Commission.

Construction activities will be confined to the certificated areas of disturbance. Except where specifically noted in the final Environmental Assessment, construction of all facilities will be conducted in accordance with: (i) the Wetland And Waterbody Construction And Mitigation Procedures (Appendix C to Exhibit F-I to this Application); (ii) the NRC Upland Erosion Control, Revegetation, And Maintenance Plan (Appendix D to Exhibit F-I to this Application); and (iii) the NRC Depth of Cover Plan (Appendix E to Exhibit F-I to this Application) (collectively, the “NRC Plan and Procedures”).

1.3.1 Conventional Pipeline Construction Procedures

In the typical construction scenario, the construction spread (crew and equipment) proceeds along the pipeline right-of-way in one continuous operation. As the spread moves along, construction at any single point along the pipeline, from right-of-way/centerline staking surveying and clearing to backfilling and finish grading, will last about six to ten weeks. The entire process will be coordinated in such a manner as to minimize the total time a tract of land is disturbed, reducing erosion potential and loss of normal use. Construction of the pipeline will involve the use of 3 or 4 construction spreads and separate crews for the aboveground facilities. As the spread moves along, construction at any single point along the pipeline, from initial surveying and clearing to backfilling and finish grading, will typically last approximately 8 to 12

weeks.

TABLE 1.3.1 – Construction Schedule And Work Force Anticipated				
Facility	Anticipated Construction Start Date	Proposed In-Service Date	Anticipated Peak Workforce	Anticipated Average Workforce/Time
KMIGT Lateral	7/15/2008	10/1/2008	100	100/spread/2½ months
Remaining Pipeline	2/1/2009	10/1/2009	450	100/spread/4 months
KMIGT Interconnect Meter Station	8/1/2008	10/1/2008	30	20
Trailblazer Interconnect Meter Station	6/1/2009	10/1/2009	30	20
Delivery Meter Stations	7/1/2009	10/1/2009	60	20/spread/2 spreads

(a) Staking the Construction Right-of-Way

The initial step in the preparation of the ROW for construction, prior to clearing, is staking of the construction ROW by survey crews. Survey crews will stake the outside limits of the construction ROW, the centerline of the proposed pipeline trench, and temporary extra work spaces. Sensitive areas to be avoided will be flagged as appropriate, and wetland boundaries will be clearly marked using easily identifiable temporary signage. NRC will obtain survey permission from affected landowners prior to entering their properties. Before construction, one-call systems for the various states will be contacted so that buried utilities can be identified and flagged by the facility owners.

(b) Clearing and Grading

Clearing and grading will remove trees, large rocks, brush, and roots from the construction work area and level the surface of the ROW across its width to allow operation of construction equipment. Trees will only be removed when necessary for construction purposes. Timber and other vegetative debris may be chipped for use as erosion-control mulch, burned, cut

and stacked along the ROW, or otherwise disposed of in accordance with applicable regulations. Where livestock are present, NRC will coordinate with landowners regarding disposal or removal of shrub and tree waste that could pose a threat to livestock. Burning will be conducted in such a manner as to minimize fire hazard and prevent heat damage to surrounding vegetation. Fences will be cut and braced along the ROW and temporary gates will be installed to provide access to the ROW. Segregated topsoil will be windrowed along the ROW in such a manner allowing for access, material transport, and pipe assembly.

Temporary erosion control measures such as sediment barriers (silt fences) and temporary slope breakers will be installed during the clearing and grading. After installation, temporary erosion control measures will be regularly inspected and maintained throughout the duration of construction or until permanent erosion control measures are installed and the temporary measures are no longer needed.

(c) Trenching

NRC anticipates that the proposed pipeline trench will typically be excavated with a rotary ditching machine. The trench will be excavated with backhoes or similar equipment. Rock substrates encountered will be excavated using rippers or hammers. Little, if any, blasting is anticipated, but if necessary, will be conducted in accordance with all applicable laws and company standards. Where rock substrates are found, the rock will either be segregated during trenching or during backfill activities using segregating machines. In agricultural and residential areas, subsoil and rock will be stockpiled separately from topsoil.

The sides of the trench will be sloped, depending upon the stability of the native soils, as required for safety and to minimize sloughing of topsoil into the ditch. The trench will be excavated to a sufficient depth (approximately 6.5 feet) to allow a minimum of 3 feet of cover

between the top of the pipe and the final land surface after backfilling, except in rock areas where typically 2 feet of cover will be provided. In agricultural areas, depth of cover will be increased such that the top of the pipe is four feet below existing grade. Excavated topsoil and spoil will be stockpiled along the ROW away from the construction traffic and pipe assembly area. Except in some limited, site-specific areas, NRC does not anticipate the trench to remain open for extended periods.

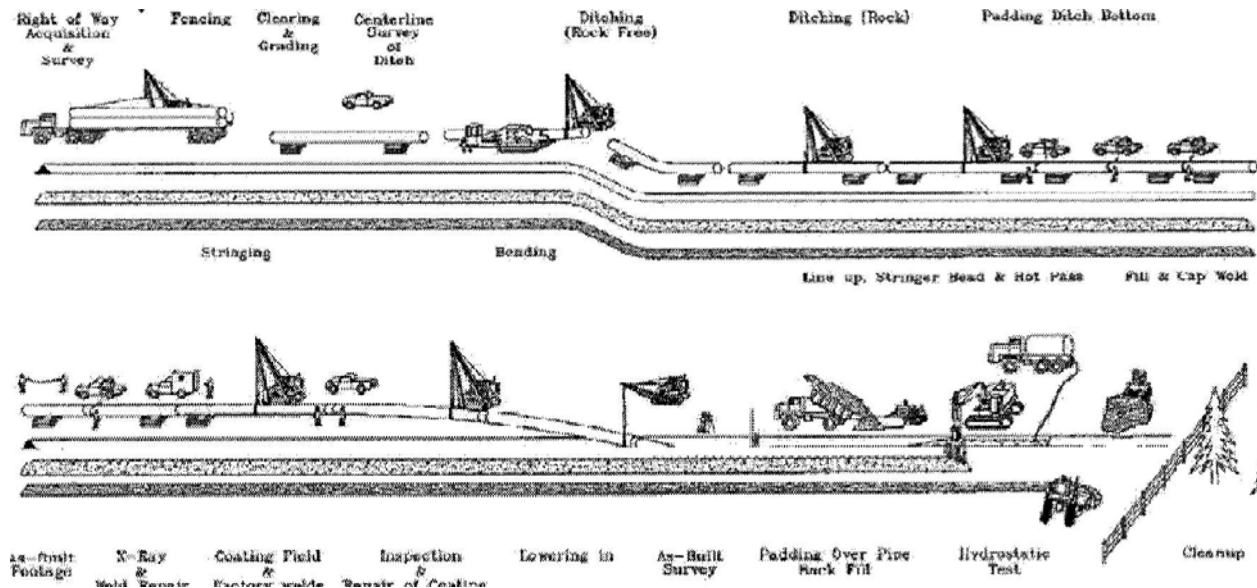
(d) Stringing

The steel pipe for the proposed pipeline will be in 40-foot to 60-foot lengths and protected with a fusion bonded epoxy coating applied at the factory (the beveled ends will be left uncoated for welding), and shipped to strategically located pipe storage yards. Stringing trucks will transport the pipe joints from the pipe storage yards to the ROW. The stringing trucks will travel along the ROW and lay or string the individual pipe sections on temporary supports (skids) along the working side of the trench in preparation for subsequent bending, line-up, welding, joint coating, lowering-in, backfill, and associated inspection activities. At river crossings, the amount of pipe required for the river crossing will typically be stockpiled in temporary work areas on one or both sides of the river. Load restrictions on highways will be observed when transporting the pipe.

(e) Pipe Bending

The majority of pipe will be delivered to the project site in straight sections. Some factory-bent pipe also may be delivered to specific project locations (*e.g.*, at waterbody crossings). A hydraulic pipe-bending machine will be used onsite to best fit sections or joints as necessary to conform to ground contours and directional changes in the pipeline alignment. Pipe bending required is completed prior to pipe line-up and welding.

Figure 1.3.1 Pipeline Construction Sequence



(f) Pipe Line-Up and Welding

Following stringing and bending, the pipe joints will be lined-up and welded together using multiple passes for a full penetration weld. Welders will be qualified according to applicable American National Standards Institute, American Society of Mechanical Engineers (ASME), and American Petroleum Institute (API) Standards, including 49 C.F.R. Part 192, and API 1104. After the pipeline is welded, it will be placed back on temporary supports adjacent to the trench.

(g) Radiographic Inspection and Weld Repair

To ensure that the assembled pipe will meet or exceed the design strength requirements, the welds will be visually inspected by a qualified inspector and non-destructively examined using radiographic (X-ray) or other approved Non-Destructive Technology test methods, in accordance with 49 C.F.R. Part 192, API 1104 and ASME standards. Weld repair or cut-out will be accomplished in accordance with 49 C.F.R. Part 192, API 1104 and ASME standards.

(h) Coating Field Welds, Inspection, and Repair

Following welding, the construction field welds and pipe joint ends will be coated in the field with a similar or other approved material that is compatible with the factory installed pipeline coating. Before the pipeline is lowered into the trench, the pipeline coating will be inspected for defects. Coating defects will be repaired prior to lowering-in.

(i) Pipe Lowering-In

After the welds and pipe coating have been inspected and approved, the pipeline will be lowered into the trench using sideboom tractors and/or backhoes. Prior to lowering-in, the trench will be inspected to ensure that the trench size is correct and that all foreign material has been removed from the trench. If the bottom of the trench is rocky, the trench bottom will be padded or the pipe will be lowered onto sandbag or foam pipe supports (pillows). Trench dewatering may be necessary at certain times during the lowering-in process. If trench dewatering is necessary, it will be accomplished in a manner designed to prevent heavily silt-laden water from flowing into wetlands or waterbodies as described in the NRC Plan and Procedures. Additionally, NRC will take care when dewatering trenches in agricultural areas to minimize erosion and/or crop damage by various means including, controlling discharge rates, dewatering to filter bags, and use of existing canals or ditches.

(j) Padding and Backfilling

After the pipe is lowered into the trench, the trench will be backfilled. Previously excavated materials will be pushed back into the trench using bladed equipment, backhoes, or auger type backfilling machines. Backfill material generally consists of the material excavated from the trench. If necessary due to rocks, padding or other protective coating will be used to prevent damage to the pipe coating. This padding will typically consist of trench subsoil spoil

that has been screened to remove rocks. Rocks removed will be disposed of in accordance with the NRC Plan and Procedures. Alternatively, other approved suitable material (*e.g.*, soil or sand) may be imported to the site. Topsoil will not be used for padding. In agricultural lands and other areas where the topsoil has been segregated, trench subsoil spoil will be placed in the trench first and then the topsoil placed on top of the trench subsoil. Following backfilling, a small crown of material may be left to account for any future soil settling that might occur, or compaction of backfill over the trench will be accomplished per landowner requirements. Trench breakers will be installed around the pipeline in the trench as needed to minimize the potential for subsurface water flow around the pipe. Trench breakers also will be installed at the base of slopes adjacent to waterbodies and wetlands in accordance with NRC's Plan and Procedures.

(k) Hydrostatic Test and Final Tie In

The pipeline will be hydrostatically tested before it is put into service to verify its integrity and to ensure its ability to withstand the maximum allowable operating pressure. Topography and the availability of test water will determine the length of each test segment. Pipeline test segments will be capped and filled with water. The pipe test section will then be pressurized and hydrostatically tested in accordance with DOT regulation. Any loss of pressure that can not be attributed to other factors, such as temperature changes, will be investigated. Any leaks detected will be repaired and the test section retested.

Upon completion of the test, the water may be pumped to the next segment for testing, or discharged. The test water will be discharged in accordance with the National Pollutant Discharge Elimination System (NPDES) hydrostatic discharge permit requirements. Discharges will be discharged through an energy dissipating device and a hay bale filter or sediment bag,

using methods described in NRC Plan and Procedures. Test water will contact only new pipe and no chemicals will be added. Once a segment of pipe has been successfully tested and dried, the test cap and manifold will be removed, and the pipe will be connected to the remainder of the pipeline. Preliminary locations of test water uptake and discharge sites have not yet been identified, but will be provided in the final Environmental Assessment. Hydrostatic test water will be obtained in compliance with state regulations and existing water rights.

(I) Cleanup and Restoration

Cleanup operations including final grading, topsoil replacement, and installation of permanent erosion control structures will commence following backfill operations in accordance with the NRC Plan and Procedures. If seasonal or other weather conditions including wet soil conditions, prevent compliance with these time frames, NRC will maintain temporary erosion controls (temporary slope breakers and sediment barriers) until conditions allow completion of cleanup. Construction debris will be removed from the ROW and disposed of properly. NRC will grade the construction ROW to restore pre-construction contours and leave the soil in the proper condition for planting. Decompaction will be completed as necessary in accordance the NRC Plan and Procedures, recommendations of the National Resource Conservation Service (NRCS) or other agriculture agencies, or landowner requirements. Environmental inspectors will approve the implements used for decompaction taking into account local soil conditions, recommendations from the NRCS or other agriculture agencies, or landowner requirements. Permanent erosion and sediment control measures, including diversion terraces, will be installed; and reseeded or other forms of revegetation will be conducted as required. Private and public property, such as fences, gates, driveways, and roads disturbed by the pipeline construction will be restored to original or better condition.

(m) Construction in Agricultural Areas

Agricultural areas crossed by the project will be identified in the final Environmental Assessment along with additional proposed mitigation measures. NRC believes that coordination with landowners regarding construction schedules on individual irrigated properties can reduce crop loss or damage. This pre-construction coordination by NRC, its contractors, and landowners will allow identification of tract-specific measures to minimize both the duration of, and area affected by, irrigation practice disruption. However, NRC expects some disruption to active irrigation systems during construction and restoration across individual properties. NRC also has identified other measures to reduce impacts to agricultural areas described below.

NRC will conserve topsoil in accordance with the NRC Plan and Procedures. The topsoil and subsoil will be stored in separate windrows on the construction ROW to minimize mixing. NRC will test for compaction at regular intervals in agricultural areas. NRC will negotiate with the individual landowners to reach mutually agreeable terms regarding exclusion of livestock from the work area or the placement of trench plugs to allow safe passage of livestock. Additionally, NRC will develop grazing deferment plans to minimize grazing disturbance of revegetation efforts as necessary and practical.

If requested by the landowner, NRC will remove all survey staking from each tract of land upon completion of the necessary surveys and the planned use for each set of stakes, if requested by the landowner. Additionally, by landowner request, any temporary fences constructed during pipeline construction will be removed and the post holes will be filled in. Construction through any livestock feed bunkers or concrete cattle feedlot pads will be conducted in a manner that minimizes disturbances to existing structures and facilities.

NRC will adhere to applicable requirements with regard to pipeline depth to ensure

proper depth of cover over the pipe and avoid impeding farm equipment. A minimum of 36 inches of cover will be used over the pipe. Any additional depth of cover for circumstances such as existing surface and sub-surface drainage systems or existing permanent erosion control structures (*i.e.*, terraces) will be dealt with on a case-by-case basis with each landowner and documented in the easement agreements.

NRC will consult with landowners, tenants, and drainage district officials before construction to attempt to locate existing and planned drainage tiles, as specified in NRC's Plan and Procedures. Any drainage systems that are identified will be marked in the field. Following installation of the pipeline, all damaged tiles would be repaired to their original or better condition. Based on landowner agreements, the backfill may be crowned to allow for subsidence such that when the backfill settles it will be near natural grade. Where subsidence is determined to be a result of construction activities, NRC will return and reestablish natural grade in the low area to the extent possible. Additionally, NRC will perform necessary compaction over the trench in certain agricultural areas and/or as indicated in landowner easement agreements.

NRC intends to return all contours and profiles to as near pre-construction condition as practicable to maintain natural drainage patterns. NRC will restore all disturbed areas associated with the construction of the project following the guidelines of the NRC Plan and Procedures as well as all other applicable federal, state, or local permit requirements. NRC personnel will be available following construction to respond to ongoing restoration issues related to the NRC project. NRC will permit surface burning of vegetation over the pipeline, but will request that landowners contact the company prior to any planned burns in proximity to any facilities or the permanent easement.

Because the ROW can be used for crop production following construction, any loss will

be a short-term impact. NRC has developed an agriculture compensation program with affected landowners regarding impacts from the construction and operation of the NRC project. Prior to construction, landowners will be compensated for anticipated crop losses resulting from construction of the project. NRC will consider restoration on active agricultural lands successful when areas are similar to adjacent undisturbed areas, drainage restored and construction debris removed. NRC personnel will be available following construction to respond to ongoing restoration issues related to the NRC Project.

1.3.2 Special Pipeline Construction Techniques and Considerations

(a) Road and Railroad Crossings

Construction of the pipeline across major paved highways, railroads, and unpaved roads where traffic cannot be interrupted, will be accomplished by boring under the roadbed. Most smaller unpaved roads and drives will be crossed by open trenching and then restored to pre construction or better condition. If an open cut road requires extensive construction time, provisions will be made for detours or other measures to permit traffic flow during construction. NRC will work with landowners to determine the best way to cross privately owned roads. NRC will repair all road damage caused by construction of the pipeline. The pipeline will be buried to the depth required by applicable road crossing requirements and will be designed to withstand anticipated external loadings. Railroad crossings will be installed in accordance with the requirements of the railroad. All Road and railroad crossing locations will be illustrated on the aerial Route Maps.

(b) Wetland Crossings

Please refer to NRC Wetland and Waterbodies Construction and Mitigation Procedures, Appendix C to Exhibit F-I of this Application.

(c) Waterbody Crossings

Please refer to NRC Wetland and Waterbodies Construction and Mitigation Procedures, Appendix C to Exhibit F-I of this Application.

Table 1.3.2 Total Proposed Bores¹			
Bore Type	Number of Bores	Total Length	Average Length
Highway	21	7,956.83	378.90
Rail	15	6,875.38	458.36
Wetland	21	15,427.06	734.62
¹ These figures will be adjusted after the final pipeline survey.			

(d) Horizontal Directional Drilling

The use of horizontal directional drilling (HDD) is a construction method to install pipelines under features such as rivers, roads, and railroads. The length of pipeline that can be installed by HDD is dependent upon underlying geological conditions, length of uninterrupted work space (sometimes off the construction ROW) for stringing the drill section, and pipe diameter. The primary advantage of HDD is that there is typically no disturbance of the surface between the end points of the HDD. Multiple HDD crossings (the Platte River at mile marker 106.585 to 106.95 and all of the areas identified in red in the Aerial Maps, Exhibit F) are currently proposed for NRC.

Directional Drill Contingency Plan (DDCP)

In the event a complete loss of circulation of drilling mud occurs during operation of a horizontal directional drill (HDD) NRC will require the Contractor to cease pumping immediately, contain any drilling fluid which has surfaced, notify the Chief Inspector and Chief Environmental Inspector, and evaluate the data and circumstances leading to the loss of

circulation to determine what method is to be utilized to seal the fracture. Most fractures can be sealed, if detected early, by pumping special materials to prevent loss of circulation down hole.

The Construction Inspector(s) and/or the Environmental Inspector(s) will continuously monitor operations during HDD activities. Monitoring activities during drilling operations will include:

- Visual inspection along the drill path, fluid return pit(s) and waterbody surface for evidence of a release;
- Observation and documentation of drilling fluid pressures using HDD instrumentation;
- Observation and documentation of drilling fluid recirculation volumes; and
- Documentation of all drilling fluid products used.

The Contractor will have readily available containment equipment to contain inadvertent releases of drilling mud to waterbodies including earth-moving equipment, portable pumps, containment booms, hand tools, hay bales, silt fence and sandbags. The Environmental Inspector(s) will ensure that adequate quantities of spill containment equipment and supplies are at the drilling location prior to allowing the contractor to begin drilling. Further, the Environmental Inspector(s) will ensure that each individual involved in drilling operations is familiar with the locations of all spill containment equipment and the specific procedures for handling potential drilling fluid releases.

If a significant reduction of drilling fluid circulation is detected without total loss of circulation, Contractor will reduce drilling fluid volumes and subsequent pressures and will increase the yield point of drilling fluid. Then, depending upon the progress of the drilling, the drill pipe may be tripped out until return flow is restored.

Should an inadvertent release of drilling fluid (Bentonite) occur, containment and subsequent clean-up will begin immediately upon detection. Field measures to contain

inadvertent releases of drilling fluid will vary according to site-specific conditions (e.g. volume of fluid, topography, and environmental setting). Field measures will differ in wetland versus upland areas and in wetlands will follow the NRC Plan and Procedures, where applicable. In wetlands, the most commonly utilized system for containment of surface releases of drilling fluid would incorporate a perimeter coffer constructed of hay bales and silt fences. Where this system of containment cannot be employed the containment procedures will be directed by the Chief Inspector to minimize the adverse impacts. Alternate mitigating methods within wetlands would include, but not be limited to:

- damming of dry drainage swales using sandbags or plastic water structures.
- isolation using skirted containment booms in inundated or aquatic environments.
- isolation in shallow stream sections utilizing sandbags and plastic water structures.

In upland areas, the most commonly utilized system for containment of surface releases of bentonite would incorporate a perimeter earthen berm or hay bales. Again, where this system of containment cannot be employed, containment procedures will be directed by the Chief Inspector, again, to minimize impact.

Isolation under certain field conditions is virtually impossible. In the unlikely event that a release occurs within an area that cannot be isolated or contained, drilling operations will be stopped immediately. Upon evaluation by appropriate personnel a decision will be made on how best to continue the crossing construction which minimizes impacts.

After containment, clean-up and restoration will generally be accomplished utilizing one of the following:

- hand labor, hand tools and buckets;
- portable pumps and hand tools;
- rubber tired equipment and hand tools; and
- vacuum trucks and hand tools.

If a directional drill must be abandoned, the drill hole will be filled with drilling fluid and grout sealed for a distance of not less than thirty feet at each end.

In the event of an inadvertent release of drilling fluid within a waterway, NRC will immediately contact applicable agencies by telephone and/or facsimile detailing:

- the location and nature of the release;
- corrective actions being taken; and
- whether the release poses and threat to public health and safety.

The Nebraska Public Service Commission (NPSC) Project Manager will also be notified by telephone of an inadvertent water body release as well as in the reports submitted by NRC.

(e) Residential Areas

Where there are residences in close proximity to the construction ROW, NRC will reduce pipeline offset or construction work space areas as practicable. Although the DOT allows pipelines to be installed as close as 12 inches from other underground structures not associated with the pipeline, NRC will attempt to avoid construction within 25 feet of existing residences. If construction requires the removal of private property features, such as gates or fences, the landowner or tenant will be notified prior to removal. Following completion of construction, the property will be restored as close as possible to pre-construction conditions in accordance with NRC's Plan, Nebraska Public Service Commission requirements, and landowner agreements. NRC will avoid unnecessary cutting or removal of trees and other landscaping, including hedgerows. Where tree, landscape, or hedgerow removal is unavoidable to maintain safe working conditions, NRC will coordinate with the landowner(s) to reach a mutually agreeable solution to the concerns. NRC will attempt to avoid septic systems in all cases. Where a septic system is unavoidable, NRC will make repairs to the system as necessary and as soon as practical following the damage to ensure continued use of the system during and after

construction. NRC will test for soil compaction at regular intervals in residential areas. Residential areas crossed by the project will be identified in the final Environmental Assessment along with proposed mitigation measures. Where residences are located within 50 feet of construction work areas, NRC will develop site-specific residential construction plans. Locations by mile marker of residential areas will be included in said Environmental Assessment.

(f) Commercial and Industrial Areas

NRC will continue to coordinate with business owners to maintain access, decrease construction duration, and generally minimize construction disruptions. Commercial and industrial areas crossed by the project will be identified in the final Environmental Assessment along with proposed mitigation measures.

(g) Blasting

Based on preliminary review, NRC anticipates that little, if any, blasting will be required for the project. However, if subsurface rock is encountered that cannot be excavated using mechanical means, such as ripping or using a rock hammer, blasting for ditch excavation may be necessary. In such areas, care will be taken to prevent damage to underground structures (e.g., cables, conduits, and pipelines) or to springs, water wells, or other water sources in accordance with all applicable regulations. Blasting mats or soil cover will be used as necessary to prevent the scattering of loose rock. Any blasting will be conducted during daylight hours and will not begin until occupants of nearby residences, buildings, stores, or places of business, and ranchers or agricultural producers have been notified. Any large rocks will be put back in their original position, if possible; used as erosion control devices; used as barriers to ingress/egress the ROW; or removed from the ROW and disposed of properly.

(h) Rugged Terrain

The majority of the NRC corridor traverses flat to gently sloping terrain. However, in some limited areas steep slopes do exist. NRC will identify additional temporary work space to expand the construction ROW in these areas to provide safe, adequate work space to complete construction. The dimensions of these extra work spaces will vary, depending upon the degree and length of the slope. The slope of the ditch will depend upon the type of soils through which the trench is being cut, but no undue stress will be placed on the pipeline through rugged terrain.

1.3.4 Aboveground Facilities Construction

(a) Piping

All pipe connections associated with the new compressors that are not flanged or screwed will be welded. All welders and welding procedures will be qualified in accordance with API Standards. All welds in gas piping systems will be x-rayed (or other non-destructive testing method) to ensure compliance with code requirements.

(b) Hydrostatic Testing

All components in high-pressure natural gas service will be hydrostatically tested prior to being placed in service. Also, before being placed in service, all controls and safety equipment and systems, including emergency shutdown, relief valves, and gas and fire detection will be checked or tested.

(c) Launchers and Receivers

The launchers and receivers will be within the meter stations and/or valve sites proper and will not require any additional land for construction. The installation of the pig launchers and receivers will meet the same standards and requirements established for compressor station and pipeline construction.

(d) Meter Stations

The installation of the meter stations will meet the same standards and requirements established for the pipeline construction.

(e) Mainline Valves And Lateral Valves

The mainline valves and lateral valves will be installed within the permanent pipeline and will not require additional space. The installation of the mainline valves and lateral valves will meet the same standards and requirements established for the pipeline construction.

1.3.5 Environmental Compliance, Training, and Inspection

To ensure that construction of the proposed facilities will comply with mitigation measures identified in the final Environmental Assessment, the Nebraska Public Service Commission's analysis of the project, and the requirements of other federal, state, and/or local permitting agencies, NRC will include, whenever possible, implementation details in its construction drawings and specifications. NRC's selected contractors will receive copies of specifications and a Construction Drawing Package containing, among other things, pipeline, plant, and equipment drawings designated as being approved for construction. In order to solicit accurate bids for pipeline construction, NRC will provide specifications and advance versions of the Construction Drawing Package to prospective pipeline contractors.

For those mitigation measures that address pre-construction surveys and clearances, NRC will include reference to pertinent correspondence and documentation in the Construction Drawing Package. For those mitigation measures that address permit conditions from federal, state, and/or local agencies, NRC will include copies of permits and related drawings in the Construction Drawing Package. For those mitigation measures that, in part, address post-construction requirements, NRC will include instructions and documentation to be provided to

NRC's operating personnel following the completion of construction. This documentation will include copies of pertinent permits with particular reference to long term permit conditions. NRC will require selected contractors to install facilities according to NRC's specifications, the Construction Drawing Package, and the terms of the negotiated contract. To support the implementation of proper field construction methods, NRC engineers will prepare Stormwater Pollution Prevention Plan (NRC SWPPP) as required for compliance with the U.S. Environmental Protection Agency's (EPA) National Stormwater Program General Permit requirements where appropriate incorporating state and county requirements and provisions of the NRC Plan and Procedures.

NRC will conduct environmental training for its field construction personnel and contractor's personnel prior to and during the proposed pipeline installation. This training will focus on safety, Certificate conditions including NRC's Plan and Procedures, and other environmental permit conditions as required.

An ample number of copies of the Construction Drawing Package will be distributed to NRC's inspectors and to the contractors' supervisory personnel.

NRC's Operations Department will be responsible for long-term project maintenance and regulatory compliance.

Routine reporting or specific communication with Nebraska Public Service Commission Staff regarding design, installation, and maintenance of the facilities described in the final Environmental Assessment will be the responsibility of NRC's Project Manager during and after construction.

1.4 OPERATIONS AND MAINTENANCE

NRC will operate and maintain the proposed pipeline and aboveground facilities in

compliance with DOT regulations, 49 C.F.R. Part 192, the FERC's guidance at 18 C.F.R. § 380.15 (2007), and the maintenance provisions of NRC's Plan and Procedures. Operation and maintenance considerations for pipeline facilities will be further described in the final Environmental Assessment.

1.4.1 Pipeline

Operational activities on the pipeline will be limited to maintenance of the ROW and inspection, repair, and cleaning of the pipeline. Periodic aerial and ground inspections by pipeline personnel will identify the following: soil erosion that may expose the pipe, vegetation that may indicate a leak in the line, conditions of the vegetative cover and erosion control measures, unauthorized encroachment on the ROW, excavation activities in the vicinity of the ROW, and other conditions that could present a safety hazard or require preventative maintenance or repairs. The pipeline cathodic protection system also will be monitored and inspected periodically to ensure proper and adequate corrosion protection. Appropriate corrective action to conditions observed during inspection will be taken as necessary.

Vegetation on the permanent ROW (50 feet wide) will be maintained by mowing, cutting, and trimming in all areas except for active agricultural areas (including rangeland and pasture), Conservation Reserve Program (CRP) areas, and wetlands. The ROW will be allowed to re-vegetate; however, large brush and trees will be periodically removed as described in the NRC Plan and Procedures. Trees or deep-rooted shrubs could damage the pipeline's protective coating, obscure periodic surveillance and inspection, or interfere with potential repairs, and would not be allowed to grow within 15 feet in wetlands, and 25 feet in uplands, of either side of the pipeline as described in the NRC Plan and Procedures. Vegetation maintenance will not normally be required in agricultural or grazing areas.

The pipeline facilities will be clearly marked at line-of-sight intervals and at crossings of roads, railroads, and other key points. Efforts will be made to minimize the number of markers located in actively cultivated fields, particularly those where pivot irrigation is utilized. Wherever possible, markers will be located at fence lines or field margins. The markers will clearly indicate the presence of the pipeline and provide a telephone number and address where a company representative could be reached in the event of an emergency or prior to any excavation in the area of the pipeline by a third party. NRC participates in all One-Call systems.

1.5 FUTURE PLANS AND ABANDONMENT

The proposed pipeline is projected to have a minimum 30-year useful life. However, this is an economic, not physical, limitation. Properly maintained, the pipeline can be expected to be operated for 30 years and more.

At the end of the useful life of the pipeline, NRC will obtain the necessary permission to abandon its facilities from the Nebraska Public Service Commission and other regulatory agencies as required.

1.6 PERMITS AND APPROVALS

Federal, state, and local permits, authorizations, or clearances required for the construction of the NRC Project are listed in Preliminary Environmental Report Summary, Exhibit F-I to this Application.

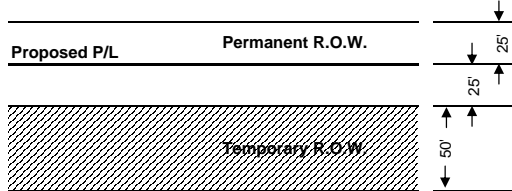
1.7 LANDOWNERS AND OFFICIALS

The names and addresses of all affected landowners will be made available to the Nebraska Public Service Commission prior to commencement of construction. NRC and its agents also have consulted federal, state, and local regulatory officials and government agencies regarding authorizations and data requests for this project. The final Environmental Assessment

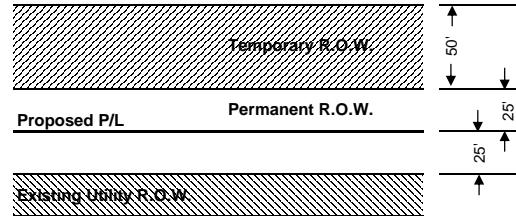
will also contains agency contacts for the NRC Project. In addition, the Environmental Assessment will contain relevant agency correspondence appended to it.

NRC also will also notify affected landowners of the filing of the Application by sending certified or first class letters to affected landowners, and publishing a notice in local newspapers prior to commencement of construction. Both on-line and adjacent landowners will be notified. *See*, Exhibit F-I, Preliminary Environmental Report Summary, Part III.

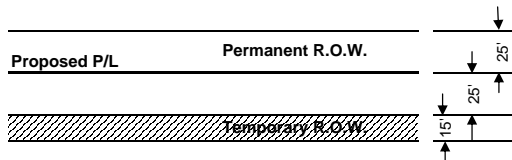
**FIGURE 1.2.2
TYPICAL RIGHT-OF-WAY
CROSS SECTIONS**



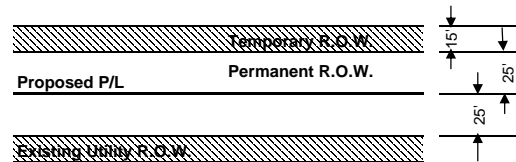
DETAIL "Q"



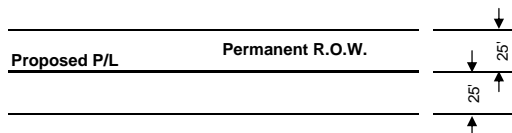
DETAIL "V"



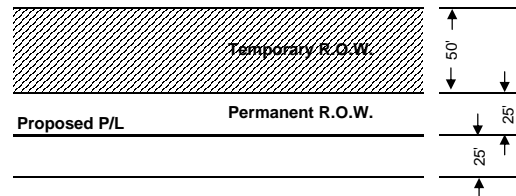
DETAIL "R"



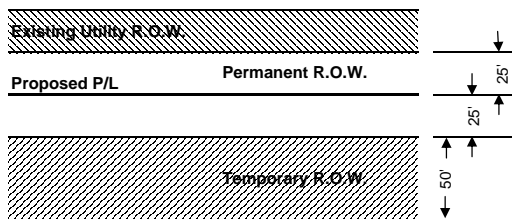
DETAIL "W"



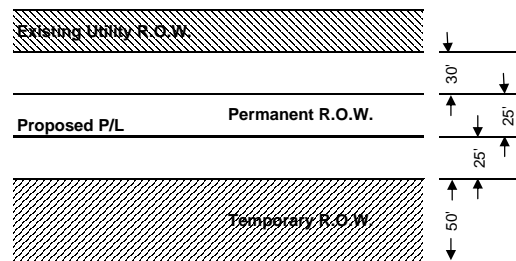
DETAIL "S"



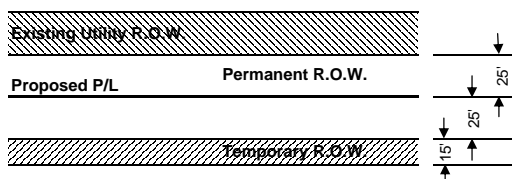
DETAIL "X"



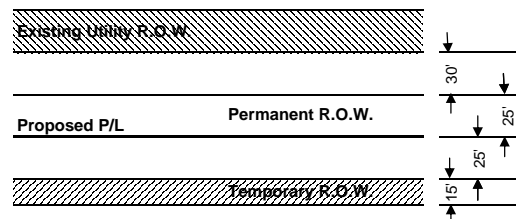
DETAIL "T"



DETAIL "Y"



DETAIL "U"

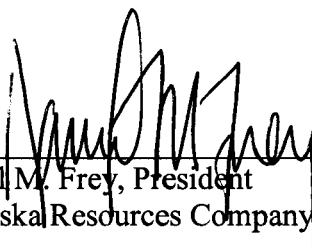


DETAIL "Z"

VERIFICATION

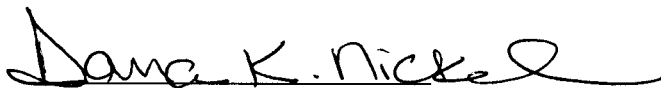
I, Daniel M. Frey, under penalties of perjury, certify that I am the President of Nebraska Resources Company, LLC possessing full power and authority to make binding representations on the behalf of Nebraska Resources Company, LLC. I have read the foregoing Application and know the contents thereof and the facts stated therein are true to the best of my knowledge, information, and belief.

Executed this 14 th day of January 2008.



Daniel M. Frey, President
Nebraska Resources Company, LLC

Sworn to me this 14 th day of January 2008.



Notary Public

